



APPRAISING THE PLAINS of Kansas



A Publication of the Kansas County Appraisers Association

Volume 14, Issue 1

JANUARY 2010

KCAA EXECUTIVE BOARD

J. Mark Hixon, RMA, CKA PRESIDENT
Shawnee County Appraiser
1515 NW Saline, Topeka, KS 66618
(785) 233-2882 Fax (785) 291-4903
mark.hixon@snco.us

Della Rowley, RMA PRESIDENT-ELECT
Sumner County Appraiser
500 N. Washington, Ste. 609, Wellington, KS 67152
(620) 339-1020 Fax (620) 326-6103
drowley@co.sumner.ks.us

Kathy Briney-Wagner, RMA VICE PRESIDENT
Jefferson County Appraiser
PO Box 331, Oskaloosa, KS 66066
(785) 863-2552 Fax (785) 863-2069
jca@jfcountryks.com

Elysa Lovelady PAST PRESIDENT
1820 W. Third Ave., El Dorado, KS 67042
(620) 364-9692
elysalovelady@hotmail.com

Dean Denning, CKA, RMA NORTHWEST REGION
Ellis County Appraiser
PO Box 309, Hays, KS 67601
(785) 628-9400 Fax (785) 628-9403
elcoappr@ellisco.net

Lori Reedy SOUTH CENTRAL REGION
Reno County Appraiser
1206 W. 1st Ave., Hutchinson, KS 67501
(620) 694-2915 Fax (620) 694-2987
lorireedy@renogov.org

Greg McHenry, RMA NORTHEAST REGION
Riley County Appraiser
110 Courthouse Plaza, Manhattan, KS 66502-0110
(785) 537-6310 Fax (785) 537-6312
gmchenry@rileycountyks.gov

Rod Broberg NORTH CENTRAL REGION
Saline County Appraiser
300 W. Ash, PO Box 5040, Salina, KS 67401
(785) 309-5800 Fax (785) 309-5802
rod.broberg@saline.org

Leon Reimer, RMA SOUTHWEST REGION &
TREASURER
Meade County Appraiser
PO Box 278, Meade, KS 67864
(620) 873-8710 Fax (620) 873-8713
lreimre@meadeco.org

Jami Clark, RMA SOUTHEAST REGION
Greenwood County Appraiser
311 N. Main, Eureka, KS 67045
(620) 583-8133 Fax (620) 583-8124
gwcoappraiser@yahoo.com



Above: Vice President Kathy Briney-Wagner, RMA; Treasurer & Southwest Region Board Rep. Leon Reimer, RMA; and North Central Region Board Rep. Rod Broberg. **Right:** President Mark Hixon, RMA, CKA.



KCAA swore in 2010 President Mark Hixon and fellow Board members during the KAC/KCAA meeting in November.

Welcome New Year & New Board

Also in this Issue. . .

President's Forum	2	Mayor of the Year: Philip Dudley— Osawatomie	10
The Charlie Schulz Philosophy.....	2	Big Bang Theory.....	11
Board Meeting Highlights	3	Interesting Mall Decision	11
IAAO Election Results	3	Case Study: Tornado-Resistant Silo Home Debuts in Greensburg, Kan.....	12
IAAO Member News.....	3	The Birth of a Rebellion: Why Nevada's Property-Tax System May Soom Crumble	13
2009 Audit Committee Report	4	A Response From a County Assessor	16
KAC Conference.....	5	The Appraiser's Better Side; Dear Editor: A Christmas Story	17
New RMA's Presented	5	Public Relations.....	18
Prop K Died?	6	Real Estate Notes of Interest.....	19
It Gets in the Blood.....	6	2010 KCAA Budget.....	26
Move Over Prop K — Make Room For Revenue Neutral.....	7	2010 KCAA Committee Members.....	28
Crunching the Long Lists of Numbers Can Be Taxing.....	8		
Secretary Pushes to Repeal Tax Exemptions	9		



President's Forum

Mark Hixon, RMA, CKA
KCAA President

Future: something that will exist or happen in time to come. For my first President's Forum, I'd like to focus on the future of KCAA.

I have tried to imagine a discussion of the future without including a discussion of Orion, but it just doesn't work. We have all become hard core CAMA addicts. I'm sure none of us could imagine attempting to do our jobs without computer assistance. And, like it or not, we are all destined to be Orion users. Some of us have taken the plunge and others are shivering on the precipice, trying to get the courage to leap into the unknown. If you are one of those, take courage in knowing that people who are no smarter than you have managed to make it work.

Those of us who have experience with Orion know it is a great system that could be even better if we could just make a few enhancements. OK...many enhancements. And there are a few old-timers who remember the original CAMA Enhancement Committee. Those intrepid members were wide-eyed optimists who got input from the users of the legacy CAMA system and molded it into the system we were all so reluctant to abandon. Believe me, KSCAMA was much rougher around the edges than Orion is, but with the application of a great deal of time and talent, it got better. We can do the same with Orion. But it will require our collective wisdom and support. We have a great team on the Orion Enhancement Committee (OEC) and its Technical Advisory Committee. The most enthusiastic and highly talented people in the state are working on figuring out ways to enhance Orion as well as sources of funding those enhancements.

I have great confidence in the ability of the OEC to identify enhancements that will be of the greatest benefit to the greatest number of users. With a system that has so much potential for improvement, that's not a problem—funding is the problem. And I am equally confident the OEC will come up with viable funding recommendations. That is the key to success. And it may come as a big surprise, but I also have a great deal of confidence that we—the members of KCAA—will find ways to financially support Orion enhancements. It won't be easy. No great achievements are easy. But failure is not an option. Orion is our system, and if we don't support it, we have no reason to expect anyone else to support it.

So, what I would ask of all of you is that you get on board. If you don't truly feel the love, at least fake it till you make it. But if you simply cannot support this effort that is of such vital importance to us all, please know that the rest of us will drag you along with us into the future.

KCAA Appraising the Plains of Kansas is a quarterly publication of the Kansas County Appraisers Association. KCAA invites readers to submit articles or topics of interest for inclusion in "Appraising the Plains." Send them to Cindy Brenner, KCAA, P.O. Box 988, Meade, KS 67864. Ph. (620) 873-7449. Fax (620) 873-2237. Email: kcaa@sbcglobal.net



The Charlie Schulz Philosophy

Submitted by Linda Cwiek, Assessor
Town of North Kingstown, RI

The following is the philosophy of Charles Schulz, the creator of the "Peanuts" comic strip. You don't have to actually answer the questions. Just ponder on them. Just read straight through and you'll get the point.

1. Name the 5 wealthiest people in the world.
2. Name the last 5 Heisman trophy winners.
3. Name the last 5 winners of the Miss America pageant.
4. Name ten people who have won the Nobel or Pulitzer Prize.
5. Name the last half dozen Academy Award winners for best actor and actress.
6. Name the last decade's worth of World Series Winners.

How did you do?

The point is, none of us remember the headliners of yesterday. These are no second-rate achievers. They are the best in their fields.

But the applause dies. Awards tarnish. Achievements are forgotten. Accolades and certificates are buried with their owners.

Here's another quiz. See how you do on this one:

1. List a few teachers who aided your journey through school.
2. Name 3 friends who have helped you through a difficult time.

continued on page 3

Board Meeting Highlights

■ KCAA Executive Board Meeting August 26, 2009, El Dorado

Attendees: Mark Hixon, Kathy Wagner, Gayla Godfrey, Truette McQueen, Greg McHenry, Barry Porter, Cindy Brenner

The meeting was called to order by President Elysa Lovelady. Financial information was presented with the following balances:

Checking	\$28,893.94
Money Market	\$55,940.46
CD	\$11,050.23

Elysa provided the Treasurer's Report on behalf of Della. All the figures balanced with financial figures. The report was approved.

2010 Committees & Budget: Mark Hixon reported on the committees and budget for 2010. Kenton Lyon will chair the computer committee. This committee will focus on Orion.

Where the money will come from for Orion enhancements was discussed. The development of the final review package for Orion was paid for by Johnson Co. in the amount of \$75,000. Shawnee Co. had purchased this package. Danette from PVD was to check how many counties would be interested in this enhancement. Collecting a nominal amount (based on parcel count for example) from each county to go into a fund for enhancements was suggested. Elysa asked if any board action was

required on this topic right now. Mark said no, as long as the board was ok with the computer committee heading in the direction of being more Orion focused.

Education: Southeast Region wanted to know if it would work for them to offer to pay PVD for travel expenses so they could have classes in their area. KCAA will not be paying for travel for PVD. If the Southeast Region wishes to do so, they would need to coordinate it directly with PVD. Offering the RMA reviews only one time next year was discussed. Cindy will check with Marilyn on what the plans are for exams for 2010.

Web Page: Cindy was directed to check and see if we could get more space on our webpage. Mark may form a webpage committee for 2010.

NCRAAO: No report

IAAO: Elysa discussed the "Walk of Fame" poster and the need for pictures, headlines, etc., to create the poster board. Cindy will get Elysa the KCAA logo and pictures of the plaques.

KAC: KAC wants us to stress to our membership that they need to register for some level of conference attendance if they plan to attend the affiliate meeting on Monday the 16th.

The meeting was adjourned by President Elysa.

Charlie Shultz, continued

- Name 5 people who have taught you something worthwhile.
- Think of a few people who have made you feel appreciated and special!
- Think of 5 people you enjoy spending time with.

Was that easier?

The lesson: The people who make a difference in your life are not the ones with the most credentials...the most money...or the most awards. They simply are the ones who care the most. Pass this on to those people who have either made a difference in your life, or whom you keep close in your heart, like I did.

IAAO Election Results

The 2009 IAAO Elections are tabulated, and the 2010 Executive Board Members are:

Executive Committee:

President Bill Carroll, TX
President Elect Bruce Woodzell, VA
Vice President Debra Asbury, AR
Past President Dr. Josephine Lim, BC

New Members:

Dorothy Jacks, AAS, FL
Michael Stone, AAS, IL
Joe Hablinski, CAE, TX
Assoc. Member Michael Milano, MA

Continuing Members:

Sackey Kweku, MO
Marty Marshall, MI
Tom May, AAS. MN
Jim Michaud, CAE, AAS, NH
Pete Rodda, CAE, RES, NC
John Zimpel, AR



IAAO Member News

Thanks to all of you for your support of the IAAO.

15-year Members:

Pamela Durham, Butler County
Brenda Krause, CMA, Pottawatomie Co.

10-year Members:

Danetta Cook, Sumner County
Laurie Walta, Sumner County
Debra Studebaker, RMA, Butler Co.

5-year Members:

Lois Schlegel, RMA, Pottawatomie Co.

New Members:

David Loiselle, Labette County
Randy Sangster, Logan County
Mindy Harting, Norton County



2009 Audit Committee Report

Members:

Kathy Wagner, Chair; David Thorton, Mark Niehaus and David Stithem.

On September 2, 2009, Cindy Brenner sent check register, copies of receipts and bank statements to the committee members. These were split into three (3) months' worth of information for each member with Kathy Wagner, committee chair, receiving a copy of the complete year from 11/08 to 10/09 (September/October was sent by Cindy when available).

Cindy instructed members that if anything was missing or documentation was needed, then to contact her.

Kathy Wagner, after receiving notification that the information was sent, sent an email to the committee members of the duties/tasks of the committee on September 2, 2009. The following instructions were given:

- 1) Review the receipts for every expenditure or check.
- 2) Check the register that you are assigned to against the checks.
- 3) Look for the checking account and deposits or withdrawals from both the checking and money market account for the time period that you are assigned.
- 4) If you see or find deficiencies, compile your findings, make notes and drop a line to Cindy at KCAA with a cc to each committee member and request additional information or documentation, explanation, etc. This will give Cindy an opportunity to supply us with any further information to help us understand what the situation is, etc.
- 5) As you review this information—please make note of any recommendations that you think the committee should make, and share these with the other committee members. (You can

do this by email, but be sure to copy response to everyone on committee.)

Once the audit is complete, a list of findings will be compiled that we have all found and, if necessary, a conference call will occur, prior to KAC to go over this information.

September 22, 2009: David Thorton contacted Cindy via email indicating that he had finished reviewing the information sent and needed some clarification/additional information. David then requested copies of the May information that went along with the statement he had received. Cindy emailed him back indicating that she would send him out the information.

October 5, 2009: Cindy sent Kathy Wagner the September information; and then on November 5, 2009, Cindy sent Kathy Wagner the October information, so the audit could be completed.

November 9, 2009: Kathy Wagner sent out an email checking on the status of everyone's assigned audit.

November 10, 2009: Mark Niehaus reported that he did not find anything of significance and no additional suggestions based on the data that he received.

November 10, 2009: Kathy contacted Cindy Brenner with questions and was asked to supply additional information on several items. It was also asked if the 2008 Federal and State Income taxes had been filed in a timely manner. Cindy indicated that they had been. Cindy then faxed all items to Kathy. After review of all items, a list of suggestions was compiled as follows:

Audit Committee Suggestions Include:

- 1) When donations are given by the KCAA (example: death of an appraiser family member), it is suggested that when there is no receipt, notate

what the donation is for in the Memo line of the check.

- 2) When a check is voided, include it on the check register. (It was found that some were listed and others were not.)

- 3) For auditing purposes, it is suggested that the date on the receipt(s) be consistent with the date on the check register. (Some dates inconsistent with the date the checks were written or stated on receipt when they were written.)

- 4) Be sure to obtain a receipt or get an invoice for all expenses to be paid out. (This occurred on just a few expenses that were paid out.)

- 5) Suggest that the KCAA Board be consistent on what is paid out for mileage by establishing/adopting a standard rate. (Not sure if this should be part of the audit—but found where several rates were utilized when paying expenses turned in to be paid.)

- 6) When acquiring money for cash prizes (example: KCAA Conference) and with use for petty cash purposes, it is suggested that better documentation be kept on file.

An email was then sent by Kathy Wagner to the committee members only, who were asked that they review the Audit Committee suggestions and give input. It was also indicated in the email that if necessary, a conference call could be setup. The committee was also told that the report given during the KCAA business meeting would be that no significant findings were found as a result of the audit.

November 16, 2009: Kathy Wagner reported to the Kansas County Appraisers Association members present that there were no significant findings as a result of the audit, but there were recommendations given.

KAC Conference

By Mark Low, RMA

We just completed the annual KAC conference (Nov. 15–17), and the turnout was down from the year before but better than expected. There seems to be some discontent in the appraiser's organization with the meeting not having enough appraisal topics. We must remember that this meeting is for everyone, and it was set up to be a bonding between commissioners and other offices, not just an appraiser educational session. If there are certain topics that you would like to hear, make a suggestion to me and I will see what I can do.

It was fun to see appraisers and commissioners in the Prop K discussion and fighting for the same cause. Maybe if we join the commissioners in other causes, they would stand by us more often.

At our last board meeting, we reorganized and elected a new slate of officers for the new year. The officers are: Sheila Biggs from Dickinson County was elected KAC president and J R. McMahan from Miami County as KAC vice-president; I think they will lead us in the right direction. KAC is short of money just like everyone else, so we will have to curb expenses just like everyone else.

As far as the legislative platform that was passed, it did not include the demise of the low production oil wells that we wanted, so KAC will be neutral on that issue. The Secretary of Revenue (Joan Wagnon) is pushing hard to have all exemptions looked at, and she can use all the help she can get. If you are talking to any of your representatives, you might strongly support abolishing all exemptions—or please do not pass any more at least.

Della Rowley, RMA, Leon Reimer, RMA and I attended a workshop in Topeka in which Joan Wagnon and a professor from Washburn University gave a talk on exemptions, particularly sales tax. It was interesting to note that if you did away with the exemptions in the last 15 years and made everyone pay sales tax that we could reduce



It was fun to see appraisers and commissioners in the Prop K discussion and fighting for the same cause. Maybe if we join the commissioners in other causes, they would stand by us more often.

the rate to 2% and still collect \$3 to \$4 billion more. So if everyone would pay a little, then no one has to pay a lot. Therefore, this is not a tax increase like many of our legislators think; it is just

spreading around the tax. The same could be said for property tax: if you spread it out, then no one individual would have to shoulder more than his share of the tax burden. We need help trying to get this across the legislators because they see this as a tax increase, which it is not.

Also, the Kansas League of Municipalities contacted me and they want to change the burden of proof for commercial property back to the taxpayer. KAC will support them in their effort and testify if necessary. We also joined in the fight in Wabunsee County on the wind farm issue. The 911 issue looks like it might be coming to an agreement of all parties, so that is a good thing to have resolved.

I will close now hoping to see you at County Government Day on January 19th and at the appraiser's reception. Call me if you have any questions or concerns.



Mindy Harting (center) with Norton County Commissioners Richard Thompson and Carolyn Applegate (left) and John Miller (right).

New RMA's Presented

Mindy Harting, Norton County, and August Dettbarn, Douglas County, were awarded their RMA certification at the November KCAA/KAC meeting. This brings the total number of RMAs to 211. Congratulations August and Mindy!!

Prop K Died?

By Gary Post, CKA, Lyon County Appraiser

To say that this past legislative session's Prop K was a source of angst for many people in county appraiser offices across the state would have been the understatement of the day.

But several things happened with the proposed legislation. The Kansas County Appraiser Association's legislative committee chair, Johnson County Appraiser Paul Welcome, provided detailed testimony during the 2009 session in which he went into great detail on issues with Prop K.

There were many other troopers in this saga like Elysa Lovelady, KCAA president, who invited Dave Trabert, who is president of Kansas Policy Institute (formerly known as Flint Hills Center for Public Policy) to the County Appraisers Annual Business Meeting this past June in Wichita.

Other players to be noted would be Lori Reedy, Reno County appraiser, who served on the Prop K summer work group, which was held in lieu of a legislative interim session. (See Lori's article on page 7.)

Kudos to these and all the folks who educated the Flinthill people and The Kansas Policy Institute, including Randall Allen, Kansas Association of Counties executive director, and Melissa Wangemann, who is general counsel and director of Legislative Services for the KAC.

Earlier this year (2009), the Lyon County commissioners were advised by their county appraiser that the agenda was taxes, and they (Prop K people) were just going through the appraisal process to control taxes. Fast-forward to the KAC Annual Meeting in Overland Park this past November. Mr. Trabert did a session on what he was calling "Property Tax Reform in 2010." The Kansas Policy Institute is a non-profit organization that advocates for free-enterprise solutions in education, fiscal policy and health care.

The main point is a base mill rate with the appraisal process left alone. Revenue growth is from new construction, and the governments must ask

It is, and always was, a tax issue, and they (the Kansas Policy Institute) are beginning to address that end of the problem rather than the appraisal side.

voters to approve increases. Mr. Trabert was adamant that the current choices for the schools were not to raise taxes or to cut services. He maintained that we did not have to do either/or. According to him, many of the schools did not need or spend all they took in taxes. He mentioned the "tea parties" held all across the country as well as the many taxing units of government in Kansas. Needless to say, this went over with the attendees like a "Syphilitic skunk at a family picnic," to paraphrase the old Ford County Commissioner Vern Birney, who hired me to my first county job in 1978.

After the break, Craig Weinaug, who has been the county administrator for Douglas County since June of 1992, Chris Courtwright, who is the principal economist for the Kansas Legislative Research Department, and Lyon County Appraiser Gary Post had 10 minutes to give thoughts on the previous session. Then Mr. Trabert took 10 minutes for his rebuttal. The late morning was very low-key, especially when compared to the first session.

It is, and always was, a tax issue, and they (the Kansas Policy Institute)

are beginning to address that end of the problem rather than the appraisal side.

Craig and I tried to illustrate the point that many things rolled downhill from the feds to the state and finally to the local units of government. Be it unfunded mandates or cuts like LAVTR moneys or exemptions, the Legislature rarely ever found any they did not like. Chris stressed that he tried to remain neutral and give an honest economic impact of any bills presented to the state and or local units of government.

It has been my conviction that the property tax is good tax. It is good because people know their home commissioners or school board members, and they know how well their kids or grandkids are being taught, they know how well the local roads are maintained. The KAC attendees were told that the Legislature kept the nice and easy tax (income and sales) that people hardly ever notice unless they purchase a big-ticket item like a car. In turn, they gave the "pain in the ass" tax (the property tax, with its obvious drawbacks) to the local units of government.

It Gets In the Blood

By Della Rowley, RMA

As I am reviewing some documentation for the 2009 year, I noticed some interesting stats about longevity in the Appraiser's department for 2010. Years of completed service to Sumner County:

Elizabeth Ramsey 10 years
Jean Sauzek 10 years
Jean Hendricks 19 Years

Dannetta Cook 20 years
Carolyn Farley 20 years
Laurie Walta 25 years

This is six of the 10 staff, and there can be no other explanation of why they would put up with the constant complaints than the challenge "it gets in your blood."

Move Over Prop K – Make Room For Revenue Neutral

By Lori Reedy, RMA

I attended the final meeting of the Proposition K workgroup on Thursday, November 12. This group was initially formed to answer the questions generated by the original proposal, HB 2150, to the Legislature.

Dave Trabert, president of the Flint Hills Center for Public Policy, began the meeting by presenting a slide show from the survey they had done. They hired an independent company to conduct the survey. They received 602 responses that were supposedly a fair representation of views across the state. He explained that the state was divided into four regions: the Wichita metro area that would include Reno, Butler and other nearby counties; the Kansas City metro area; the balance of the eastern part of the state; and the balance of the western part of the state. Dave reported that the survey was dispensed equally among the governmental and private sectors.

From the onset of the meeting, I was bothered and concerned that we were not provided with copies of the actual survey. Dave said the slide show was a summary of survey questions and results. He also said that some of the questions were preceded by an explanation of the options, but that information was not shared with the group. We were also not informed of the return rate or provided with details about how the survey was distributed.

The primary questions in the survey included:

- If a “revenue neutral” option is implemented, should it include the new construction value? In other words, if the county is limited to collecting only as much in tax dollars as they did the previous year, should the new construction value be included or should the county be allowed to collect additional revenue for the value increase attributable to new construction.

Proposition K is dead. The revenue-neutral option will not be called “Proposition K” but rather will be referred to as “Revenue Neutral.”

- Do you believe that taxes have increased too much over the last 10 years?

- Do you think there should be an alternative hearing panel of public officials and industry experts to replace the Informal Hearing level now conducted by the Appraiser’s Offices?

- Do you believe there is a need for property tax reform?

As you would expect, the majority of the survey participants indicated that they would be in favor of limiting the counties’ tax collections, that taxes have increased too rapidly, in favor of an alternate hearing panel and that there is a need for tax reform.

Revenue Neutral Option

It is believed that this option would remove the burden from the appraisers and enforce accountability onto the elected officials. County officials would be required to hold public votes to increase the mill levies. One participant suggested that the counties be allowed minimal increases to the mills if it was for specific, justifiable projects or additional costs to the county.

Initially, the group was pretty equally split on whether new construction value should be included or not. It was expressed that new properties would require services resulting in additional costs for the county. It was also suggested that the counties are not immune to the effects of the economy as well as the fact that the counties are dealing with the increasing costs of

goods and services just like the public sector. Legislation of this nature would be detrimental to counties, especially smaller counties that are already struggling to provide basic service.

I also reminded the participants that the recent exemption laws have caused a dramatic reduction in assessed value and results in an unfair distribution of tax.

Another question was raised during the discussion as to what level this option would be implemented at. Stan Longhofer suggested that it could be applied to the assessed value. This option would require a review and adjustment to each of the varying assessment ratios (commercial, residential, vacant, etc.) that are applied to the appraised value annually. Probably the simpler and more efficient way would be to apply it at the tax unit level. The mill levies would be adjusted dependant on the change in value and applied to each tax unit.

Alternative Hearing Panel

We spent a generous amount of time discussing the hearing panel option. In the survey, property owners indicated that they would prefer to have their initial hearing before a panel of elected or appointed officials and industry experts. My first question was who is going to pay for it? I guarantee that potential panel members will NOT agree to provide their services at no cost.

I explained that Sedgwick County was the last to abandon the HOP level, and that the last I knew each commis-

continued on next page

Move Over, continued from page 7

sioner or appointed hearing officer was paid \$5,000 per year to sit on this panel. How can you on one hand limit the amount of taxes that counties collect and then on the other hand implement a new process that will require additional funding?

Another idea presented was to leave the informal hearing process intact and if the property owner was not satisfied, a fee appraisal by a panel-approved appraiser could be the final determining factor. It would be up to the property owner to decide if they wanted to appeal further, and the additional costs would be their responsibility. Then the question became who would approve the appraisers? It was also suggested that the parties could agree on an appraiser, share the cost equally and be prepared to accept the result as final.

Eventually, it was basically agreed that whatever proposal was made to the Legislature must be straightforward and easy to understand, and therefore only the "Revenue Neutral" concept should be presented. It is believed that this change would naturally improve the hearing issues. After some time has passed, if the hearings continue to be a concern, it could be addressed separately at some time in the future.

So, what does this mean for "Proposition K"?

Proposition K is dead. The revenue-neutral option will not be called "Proposition K" but rather will be referred to as "Revenue Neutral." My best guess is that this will be the only change proposed to the Legislature from Flint Hills this year, and that it will recommend that the counties be allowed to collect the additional tax dollars attributed to new construction value increases. This concept puts the focus on actual taxes collected by the government and would not cause any change in the appraisal process.

76th Annual IAAO Conference

August 29 – September 1, 2010
Walt Disney World Dolphin Hotel
Orlando, Florida
www.iaao.org

Crunching Long Lists of Numbers Can Be Taxing

By Mike Hall, *The Topeka Capital-Journal*, November 17, 2009
Reprinted with permission.

Bless you, Tom Galardi. Tom wants more numbers in news stories.

After the recent column on the great increase in spending on local street projects, Tom wrote: "The Topeka area pols, school boards, etc. take every opportunity to use fear tactics to raise taxes, and with the looming deficits in the city/county/state, they will be looking for continued increases, one way or another. Which leads me to ask what portion of state/local budget money is due to real estate property taxes?"

This is a story we run once every couple of years or so, but most people don't read it. Too many numbers. But for any others who love hard data as much as Tom and I do, read on.

Using information from the U.S. Census Bureau, then massaging it in a spreadsheet, I came up with this: Of the nearly \$16 billion in revenue taken in by state and local governments in Kansas in 2007 (the most recent data), almost \$3.5 billion came from property tax. That's 22 percent.

But wait. Where does the other 78 percent come from? If I didn't answer that here, I would hear from Tom again wanting to know.

The next-biggest source is sales tax—19 percent. Third is individual income tax, which all goes to state government. That is 17 percent. There is no local income tax allowed in Kansas. Corporate income tax produces only 3 percent.

Next comes income from the state's universities—7 percent.

Next comes the question: How does Kansas compare with the other states? Our spread of revenue sources is nearly identical to national averages in most cases.

But add it all together, and we're below average.

The total revenue to state and local government in Kansas amounts to \$5,949 for every man, woman and child, which is a silly statistic because that's not how the money is collected. States with a lot of tourism rely more heavily on sales tax; states with a lot of corporate headquarters rely on corporate income tax; states with oil rely on severance taxes, etc. Nobody goes house to house and asks for \$6,000 for everyone in the house.

Anyway, the average for all states is \$6,610 per person. We're a little above average on property tax—22 percent compared with 21 percent nationally; a little high on sales tax—19 percent here compared with 16 percent nationally; and high on individual income tax—17 percent versus 16 percent. But we're low in other areas.

For example, other states are averaging \$77 million from port revenues. We aren't getting any of that in Kansas.



Of the nearly \$16 billion in revenue taken in by state and local governments in Kansas in 2007 (the most recent data), almost \$3.5 billion came from property tax. That's 22 percent.

Secretary Pushes to Repeal Tax Exemptions

By Dion Lefler, *The Wichita Eagle*, Dec. 04, 2009

Reprinted with permission

Submitted by Lisa Ree, RMA

State Revenue Secretary Joan Wagnon urged Wichita-area lawmakers Thursday [Dec. 3, 2009] to repeal a sales tax exemption on water, power and natural gas bills, a move that would raise utility bills for residents and farmers. That exemption, worth \$140 million in 2010 and \$146 million in 2011, was the largest on a list of about 65 sales tax exemptions that Wagnon says should be repealed to help the state balance its distressed budget. The list includes \$196 million in exemptions ranging from breaks for charitable and religious organizations to lottery tickets and coin-operated laundries.

Wagnon has noted for months that sales tax exemptions, along with property and income tax abatements, have stripped the state of the money it desperately needs to maintain public services through the ongoing recession. She's calling for a three-year moratorium on new tax exemptions and a re-examination of existing tax breaks. Her list, she said, represents "\$200 million of exemptions we could afford to get rid of."

Although there is a line item for sales tax on most utility bills, it's for local taxes and the state doesn't take the 5.3 percent it would without the exemption, Wagnon said.

A former member of the Legislature and former Topeka mayor, Wagnon acknowledged that repealing the exemption could be politically difficult for lawmakers. But she said it would not be as difficult as raising taxes by the same amount would be.

The second-largest line item on Wagnon's list is the exemption for religious organizations. That amounts to \$17.9 million in 2010 and \$18.6 million in 2011, records show.

In third place was the exemption for lottery tickets, \$14.6 million for 2010 and \$15.1 million in 2011.

About 25 of the entries on the list are for purchases made by named

charities, ranging from the American Heart Association to the Johnson County Young Matrons. Wichita-area charity exemptions include equipment for playgrounds built by the West Sedgwick County Sunrise-Rotary Clubs, tickets to fundraisers for the Guadalupe Health Foundation and properties and services purchased by Youthville and Catholic Charities.

Wagnon presented her ideas for trimming sales-tax exemptions at a legislative summit meeting of the Regional Economic Area Partnership, which represents county and city governments in south-central Kansas.

Earlier in the meeting, Alan Conroy, director of the Kansas Legislative Research Department, told the local and state officials that the latest estimates of the budget shortfalls are \$253.6 million for the current fiscal year and \$358 million for the 2011 fiscal year, which begins July 1.

Washburn University professor Bradley Borden laid the economic groundwork for Wagnon's presentation, explaining that exemptions are, in economic terms, essentially the equivalent of government spending.

He also said the exceptions benefit a small but often vocal percentage of the population at the expense of the majority. For example, he questioned the basic fairness of the state exempting prescriptions for male-potency drugs such as Viagra while taxing items such as baby formula and diapers. "The purchase of the male-enhancement product arguably serves a limited state interest, if any," he said. "Meanwhile, the essentials purchased by a couple struggling to raise a family are subject to state sales tax."

Lawmakers from both sides of the aisle who attended the meeting appeared ready to consider Wagnon's proposal. Jim Ward, D-Wichita, said he supports a moratorium to give lawmakers time to re-evaluate existing exemp-

tions and weed out the ones that are unjustified or unfair. He also said lawmakers need a more systematic means of evaluating requests for exemptions so they don't just go to interests with the most effective lobbying.

Sen. Dick Kelsey, R-Goddard, said, "I think we ought to get rid of the exemptions." I voted for some of them, so call me a hypocrite, but they've gotten out of hand," Kelsey said.

[Professor Borden] ... said the exceptions benefit a small but often vocal percentage of the population at the expense of the majority. For example, he questioned the basic fairness of the state exempting prescriptions for male-potency drugs such as Viagra while taxing items such as baby formula and diapers.



Mayor of the Year: Philip Dudley—Osawatomie

By Nathan Eberline, League of Kansas Municipalities
Reprinted with permission

The League of Kansas Municipalities regularly emphasizes that the role of a mayor is vital to the effective operation of a city. Goal-setting, meeting planning, and enforcement of meeting rules are a mere sampling of the challenging functions that a mayor must provide.

To recognize the efforts of Kansas mayors, the Kansas Mayors Association created an award to recognize mayors who demonstrate leadership in their community and within the Association. This year, the members of the Association selected Mayor Philip Dudley from the City of Osawatomie as the 2009 Mayor of the Year. (**Editor's Note:** Phil Dudley, RES, RMA is the Franklin County appraiser.)

Phil Dudley first sought office in 2001 when he ran for city council in Osawatomie. After serving the city as a councilmember for six years, Dudley ran for mayor after then-Mayor Tom Speck retired. Mayor Dudley won the 2007 election and won reelection this spring for a second two-year term. It is a position Dudley has embraced with passion.

"I entered public service in Osawatomie because I wanted to make my hometown a better place to raise my family," noted Mayor Dudley. This is a sentiment that Dudley's colleagues have clearly observed. Osawatomie Councilmember Tamara Maichel, commented that it has been "awesome to see how the city is progressing." Councilmember Maichel went on to praise Mayor Dudley as both a good mayor and a good person—a caring individual.

Councilmember Ted Hunter observed Dudley's strong commitment to his hometown. Hunter recounted how Dudley spent his formative years in Osawatomie and graduated from Osawatomie High School. After leaving for college, Dudley returned to take care of his parents and soon became involved in the community. Hunter also observed that Dudley's job as a

county appraiser has been a valuable asset for the City of Osawatomie: "Phil has a keen interest in building codes and making sure they're followed. He was a main supporter for adopting the 2006 International Building Code. He has served on the zoning appeals board, and he watches new projects closely to ensure that the city is building responsibly."

Hunter admits that he is particularly partial to Mayor Dudley, as he has known him his entire life. In addition to serving on the governing body, Dudley is active in his church and makes a mean chili for church events. Hunter has great respect for Dudley's commitment to serve throughout his community.

Osawatomie City Manager Bret Glendening has also had a long relationship with Mayor Dudley, who was serving as a councilmember when the city hired Glendening as manager.

"From day one, I've known him [Dudley] to provide not only myself, but the City Council as a whole, with historical perspectives on a host of issues that Osawatomie faced in years past, and issues we face today."

Glendening also noted that Mayor Dudley provides the community with both insight and vision: "During the flood of 2007, he provided leadership and comfort to a community that experienced its worst flooding since the construction of the levee system in the late 60s. Today, Mayor Dudley continues to champion and support efforts to rebuild city infrastructure as well as encourage steps to be taken and research made on ways the City of Osawatomie can become a 'greener' community."

Councilmember Larry Ratley continued the theme of describing Mayor Dudley as a caring and compassionate individual. During the 2007 flood, Ratley and his wife lost their home and possessions. Mayor Dudley "made



Mayor Phil Dudley (left) with Gov. Mark Parkinson and U.S. Deputy Treasury Secretary Neal Wolin last year for the opening of Woodland Hills. —Photo by Gene Morris, *Osawatomie Graphic*

sure we had everything we needed." Ratley continued to describe Dudley as "very community-minded down to the personal level."

Mayor Dudley has been a part of some major projects in Osawatomie since he began his service. In addition to the recovery and rebuilding after the 2007 flood, Dudley has helped lead the Northland Economic Development project, municipal golf course improvements, a sewer replacement and rehabilitation project, multiple street/sidewalk/curb replacement projects, and completion of the Woodland Hills project using money from the ARRA. Councilmember Hunter also noted an upcoming downtown revitalization project that Mayor Dudley has promoted.

When asked about his service as mayor, Mayor Dudley was quick to heap praise on his community: "My proudest accomplishment as mayor is that with the help of close friends and others in the community, 'we' have been able to change the political environment, bring fiscal responsibility, financial solvency, and restore political stability for our city."

Dudley continued to express gratitude to his colleagues for the award: "I would like to thank everyone for their vote of confidence for this prestigious award. I am truly humbled and honored. Thank you all."

Big Bang Theory

By Lisa Ree, RMA

According to Forbes.com, Wichita is one of the top Bang-For-The-Buck Cities. To be considered such a city, a metro area must have amenities such as a stable housing market, reasonable property taxes and minimal travel to work time.

Researchers considered foreclosure rates, vacancies of homes, unemployment rates, a three-year job growth forecast and home price forecast, housing affordability, median real estate taxes and median travel time to work.

The Great Plains, as you might expect, was represented

frequently in the 100 city study, with Omaha ranking 1st, Des Moines at 4th and Wichita ranking 6th. According to Forbes, the Plains area was slightly shielded from the disastrous effect on coastal markets of the housing crisis, with housing sales keeping a steady, if not slow, pace during the housing boom.

Even though unemployment in Wichita was 8.6%, vacancies and foreclosures of homes were rather low. This is how Wichita stacked up next to Omaha and Des Moines:

	Omaha	Des Moines	Wichita
Housing Affordability	21	31	22
Travel Time	37	11	7
Real Estate Taxes	68	60	27
Unemployment	1	6	42
Vacancies	16	4	7
Job Forecast	8	9	48
Home Price Forecast	19	57	45
Foreclosure Rank	3	13	6

See the entire article, "America's Best Bang-For-The-Buck Cities" by Francesca Levy, at: http://www.forbes.com/2009/11/30/cities-affordable-cheap-lifestyle-real-estate-housing-foreclosures_chart.html?partner=yahoore

Interesting Mall Decision

By Mark Hixon, CKA,RMA

Now, this is not something you see very often: An appeal board raising the value of a property. The key information is shown below and the complete decision can be found on the KCAA website at <http://www.kansas.gov/kcaa/reports/reports.htm> and listed as Eden Prairie Mall Decision.

	Mall Tax Year 2005	Mall Tax Year 2006	Von Maur Tax Year 2005	Von Maur Tax Year 2006
County Appraisal	\$90,000,000	\$100,000,000	\$8,913,000	\$9,408,000
Owner's Appraisal	\$68,750,000	\$60,550,000	\$3,950,000	\$4,750,000
County Hired Appraisal	\$110,000,000	\$118,510,000	\$10,000,000	\$10,500,000
Minnesota Tax Court	\$122,876,000	\$120,142,000	\$9,850,000	\$10,480,000

Case Study: Tornado-Resistant Silo Home Debuts in Greensburg, Kan.

Cylindrical design and green techniques provide strength and sustainability in town reduced to rubble.

By Jennifer Goodman, Senior Editor Online, Reprinted from EcoHome Magazine (www.ecohomemagazine.com)

With completion of Greensburg's first "Eco-Home" expected next week, the tiny town in Kansas once ravaged by a tornado is drawing eco-tourists from all over the world.

After an EF5 tornado tore through southwest Kansas in May 2007, 95% of the town was reduced to rubble. In the wake of the catastrophe, Greensburg's leaders and many residents embraced the idea of rebuilding as a green community. That vision is slowly becoming reality with the completion of the community's first Eco-Home, inspired by the local co-op's grain elevator that was left standing after most homes and buildings were destroyed.

A news photo of the silo resonated with David Moffitt, a Florida builder who was preparing to market his ultra-hurricane-resistant home, under development since 2004. He realized his sustainable, durable Silo home was a perfect fit for tornado-prone Greensburg. "After the tornado went through Greensburg, we were impressed that the only thing left standing was the town's silo," says Moffitt, owner of Bushnell, Fla.-based Armour Homes. "We decided we could help out in Greensburg and work to market our product, not just to build back green, but also tornado-resistant."

After meeting with Greensburg GreenTown founder Daniel Wallach, Moffitt decided to be the first builder to participate in the organization's Chain of Eco-Homes project. Groundbreaking on the Silo home was in December; it is expected to be complete just after Labor Day.

CIRCULAR AND STRONG

Armour Homes' demonstration silo-style home in Bushnell has been tested in winds as high as 240 mph, Moffitt



Built to be sustainable and strong, the Silo home boasts R-values of 28 for the walls and 60 for the roof, and can withstand winds of more than 200 mph.

says; its high level of durability comes from its design and materials, including precast concrete walls and roof and a cylindrical form. Along with its high level of durability, the \$300,000 Greensburg Silo home features a green roof, a water collection system, a stack ventilation system, a solar array, native vegetation, light shelves, and a system of outdoor rooms. The airtight home carries an R-value of 26 in the walls and 60 in the roof. "This house really demonstrates how much you can do for relatively little amount of money, including a solar system," Wallach says.

The 2,000-square-foot home will act as a "living laboratory" where visitors can learn about its passive ventilation, rooftop vegetable garden, cistern for water catchment, photovoltaic cells for solar-powered electricity, and dual-flush toilets and other water-saving features. It also features a guest suite for overnight lodging, at a price of about \$80 a night, Wallach says.

"It is a show home and destination for eco-tourism," he says. "For most people this demystifies what a green home is. They realize it's not so complicated, it's just common sense."

For example, tourists might find Ecoloblue's donated atmospheric water generators, which take humidity out of

the air and convert it into drinking water, futuristic. "It's an intriguing concept to most visitors," says Wallach. "People can see how the equipment works and taste the water, made out of thin air. That's really exciting for them."

Eco-conscious tourists have already descended on the town, from as far away as Europe. In the last two months, Wallach estimates Greensburg has hosted 400 visitors on 60 tours. "The town's story has really struck a chord," Wallach says. "What happened here and the comeback elements of it all is a great dramatic story."

The Silo house is the first of the town's demonstration homes, each of which will showcase a particular kind of green building technique. Wallach says GreenTown organizers had hoped to have several of the homes under way by now but that plan has been derailed by the economic recession. "The market that we had anticipated would be the funding source for this component of our project was the construction industry, and since the recession, what we've heard time and again is, 'We're laying people off, we can't justify investing in a project like that right now,'" Wallach says. "So we've pulled in the reins and focused on the completion of this first home."



Once complete, the Silo home will put a modern spin on a Kansas landmark, the grain elevator.

The Birth of a Rebellion: Why Nevada's Property-Tax System May Soon Crumble

By John Dougherty. Reprinted with permission from the North Lake Tahoe Bonanza, www.tahoebonanza.com

Editor's Note: This is a long but interesting article. You will quickly notice this has been going on for several years and has taken some very bad tax policy turns and it is not over yet. If you are not familiar with this area, it is along Lake Tahoe. You can get a feel for the average homes and prices by going to www.HomeScout.com/NV. Some interesting information from Wikipedia.com: the median income for a household in the CDP was \$69,447, and the median income for a family was \$79,079. Males had a median income of \$44,417 versus \$30,175 for females. The per capita income for the CDP was \$52,521. About 3.4% of families and 6.6% of the population were below the poverty line, including 7.5% of those under age 18 and 1.8% of those aged 65 or over. The largest industry is real estate with sales in excess of \$1 billion in 2005. The median price for a single-family residence in 2008 is \$1,120,000 and for a condo is \$530,000.

Following this article is a response from a county assessor.

INCLINE VILLAGE, NEVADA—A Washoe County property-tax revolt that has already won court orders for more than \$20 million in refunds and threatens to implode the state's entire property-tax system began with a single phone call.

In late 2002, retired state court Judge Leonard Gang called his friend and Carson City attorney, Norm Azevedo, and asked about an unusual description on his property-tax notice regarding the valuation of views from his home in this affluent town on the North Shore of Lake Tahoe. Judge Gang had not seen this particular view classification before on tax-appraisal reports, and was wondering why it was suddenly impacting the assessed value of his property so much.

Azevedo was the right man to call. A former attorney for major accounting firms who later served as counsel to the Nevada Tax Commission for 10 years, Azevedo was an expert on state tax law. And looking at the methods being used by the Washoe County assessor to determine property values for the 2003-04 tax years, Azevedo reached a startling conclusion.

The county assessor, Azevedo discovered, was using the same comparable sales to determine valuations for property in the 2003-04 tax years as he

did for the 2002-03 tax years, but with one big difference: The valuations for 2003-04 were much higher—in some cases more than 100 percent higher.

How could property values change so much from year to year, when the same comparable sales were used as a basis for the assessors' appraisal? The answer: The assessor simply changed the appraisal rules, with a specific goal in mind. "They changed the rules to derive a higher tax value," Azevedo said.

Making matters worse, discovered Azevedo, the assessor's new rules were not being used anywhere else in Washoe County—or anywhere else in the rest of the state.

"We found that none of the rules were contained in the (state Department of Taxation) regulations," Azevedo said. "None of the rules were supported by statutes."

Without a court order, however, the Washoe County assessor's appraisals were the ones North Shore residents were required to meet. Then, further investigation discovered that not even the rules that had been customized for the North Shore were being applied equally.

The assessor's office was ostensibly determining the value of views of Lake Tahoe from lakeside homes.

But—Azevedo discovered—of the view valuations made by the assessor, approximately 39 out of 40 had been calculated incorrectly and later were adjusted during administrative appeals.

The astonishingly high error rate, said Azevedo, should have been a signal to the county that something was amiss.

"That's when someone should have leaped into action" to fix an obvious problem and address growing concerns among North Shore property owners that they were not being fairly taxed, he said. "They could have fixed it one year."

Instead, Washoe County and state tax officials refused to act, forcing property owners to band together and seek legal redress. Seven years later, and after more than \$1 million in legal fees, the monumental effort finally paid off last Friday, Oct. 23. That was when Reno district court Judge Brent Adams issued an order requiring Washoe County Treasurer Bill Berrum to issue refunds to about 9,000 taxpayers. The order requires Washoe County to reduce the 2006/2007 valuations of all residential properties in Incline Village and Crystal Bay to their 2002/03 taxable values.

"It was a very simple case, but to go from there to here was a Herculean effort," Azevedo said.

Judge Adams' order requires Berrum to issue refunds to property owners for the 2006/07 tax year and subsequent tax years that are now impacted because of the 2006/07 rollback to 2002/03 values. The order also requires the county to pay 6 percent annual interest to property owners from the date the excess funds were collected to the date they are refunded.

The Village League to Save Incline Assets, Inc., a nonprofit taxpayers group spearheading the North Shore

continued on next page

Birth of a Rebellion, continued

property-tax revolt, estimates the refund will total approximately \$20 million. Berrum said that it will be several months before refunds will begin to be issued, and “it is very likely” that it will take at least a year for them all to be issued.

Judge Adams’ order is most likely not the end of the struggle for North Shore property owners. Washoe County is expected to appeal the ruling and it will most likely end up, once again, before the Nevada Supreme Court, said Maryanne Ingemanson, president of the Village League.

The Village League’s grueling and expensive effort not only discovered inequities in Washoe County, but has led to landmark Supreme Court decisions that have exposed fundamental constitutional problems with Nevada’s unique and complex property-tax system that separately values land and improvements, a method used nowhere else in the country.

If Washoe County appeals Judge Adams’ order, it will not be the first time the county or the state has appealed court decisions that ruled in favor of taxpayers. Appeals and administrative delaying tactics have consistently been the course of action followed by the state and county over the years, in what appears to be an effort to simply avoid paying refunds to taxpayers.

The ongoing legal haggling over the 2006/07 property tax assessments for Incline Village and Crystal Bay provides a snapshot of the difficulty that taxpayers face when they challenge county and state property tax authorities.

The root of the 2006/07 challenge goes back to late 2002, when the Washoe County assessor conducted the first mass appraisal of the two towns in five years. After taxpayers like Judge Gang became concerned about the sharp increases in their property valuations, the Village League filed its first lawsuit in October 2003 challenging the valuation methods used by then-Washoe County assessor Robert McGowan. But the Village League didn’t stop there.

Its leaders also became actively involved in the development of new property-tax rules, attending dozens of Department of Taxation regulatory workshops and making recommendations. At the same time, the group began lobbying the Nevada Legislature for property-tax reforms and played a key role in passing a 2005 bill that strengthens the Department of Taxation’s oversight of county assessors. The Village League also hired highly regarded appraisal experts to review the property valuation methodologies used by Washoe County.

The experts included Marvin L. Wolverton, professor emeritus and former distinguished professor of real estate at Washington State University, who has authored dozens of articles for academic and professional journals and real estate practitioner publications; and Richard Almy, former executive director of the International Association of Assessing Officers, an organization that sets standards for property valuations.

In September 2004, Wolverton presented a report to the Nevada Tax Commission based on his analysis of Washoe County’s property valuations for Incline Village and Crystal Bay. Wolverton’s study showed that Incline Village and Crystal Bay’s tax values were systematically higher and less consistent when compared with Lake Tahoe properties in Douglas County on the south end of the lake. He also showed that Incline Village and Crystal Bay property values were out of equalization with each other and with the rest of Washoe County. His report provided powerful evidence from an outside expert that Washoe County was violating the Nevada Constitution’s requirement for a uniform and equal rate of assessment and taxation.

Wolverton’s report foreshadowed a crucial ruling by state court Judge William Maddox in January 2006. Judge Maddox ruled that Washoe County had not used state-approved rules to appraise Incline Village and Crystal Bay properties for the 2003/04 tax year. The court also ruled that the inconsistent application of the disputed

appraisal methodologies “illustrates the high probability that the taxes were not assessed on an equal and uniform basis, as required by the Constitution.”

The Maddox court reversed a state Board of Equalization ruling that earlier upheld the methods of Washoe County assessor McGowan. Maddox rolled back property valuations to 2002/03 levels and ordered refunds to taxpayers who had paid more than the 2002/03 amounts, plus interest. It was a major victory for the Village League, but any celebration was still premature. The Maddox decision was appealed to the Supreme Court, and their 17 taxpayers squared off against Washoe County, the Washoe County Assessor, the state Board of Equalization, the state Department of Taxation and the Nevada Tax Commission.

Two months after Judge Maddox’s ruling eviscerated the valuation methodologies used by Washoe County, the Village League challenged the assessor’s valuations for nearly 9,000 parcels for the 2006/07 tax year before the Washoe County Board of Equalization. Taking a cue from the Maddox ruling, the county board unanimously voted in March 2006 to roll back the Washoe County assessor’s valuations for 9,000 properties for the 2006/07 tax year to 2002/03 tax levels. Rather than agree to the rollback, Washoe County would later appeal the decision to the state Board of Equalization.

Despite the Maddox and county board rulings in favor of the Village League, the property-tax battle was far from over, although a crucial turning point was coming. In Dec. 2006, the Nevada Supreme Court issued a scathing opinion that stunned state and county tax officials. The high court ruled 6-0, upholding Judge Maddox’s decision.

In the *State Board of Equalization vs. Bakst* decision, the Supreme Court ruled that four of the Washoe County assessor’s appraisal methods were invalid because they were never approved in regulations passed by the Nevada Tax Commission. The court determined that the “2003-2004 valuations, that were based on these

methodologies, are therefore unjust and inequitable.” The Supreme Court also upheld the Maddox order to roll property taxes back to 2002-03 levels and stated that taxpayers were entitled to refunds for over-collected taxes, plus interest.

The Supreme Court ruling also focused on the failure of the Nevada Tax Commission to establish appraisal regulations adequate to guide county assessors in cases where determining property valuations are [sic] difficult. The court noted that the Tax Commission had failed to update appraisal regulations since 1983. Without guidance from the Tax Commission, county assessors “had to develop their own methods for assessing property values in their respective counties,” the court stated. However, said the Supreme Court, county assessors “did not have the authority to create individualized valuation methodologies in 2002.”

Nevada’s high court placed the blame for the dilemma faced by county assessors—who were compelled to make decisions without sufficient regulations—squarely on the Tax Commission. Concluding its decision, the Supreme Court stated:

The Nevada Tax Commission failed to fulfill its statutory duty to update general and uniform regulations governing the assessment of property. Without uniform regulations from the Tax Commission, the Assessor, understandably, created the methodologies he deemed necessary to assess the properties in the Incline Village and Crystal Bay areas. Those methodologies are unconstitutional, however, because they are inconsistent with the methodologies used in other parts of Washoe County and the entire state.

The Supreme Court ruling still shocks former Washoe County assessor McGowan. McGowan, who served as assessor from 1983 through 2006, said in August that he believes that his office was following state regulations and did nothing wrong. He also asserts

While the Village League’s effort is focused on gaining refunds and creating fair and equitable property taxes in Washoe County, the legal precedents set so far have laid the groundwork for a broad constitutional challenge to Nevada’s taxable value system.

that his appraisers did not overvalue Incline Village and Crystal Bay properties, and, in fact, they were and remain undervalued for property-tax purposes. “Personally, I still think we were doing it right,” he said. “But the Supremes, they get to make the final decision. I don’t want to be too contradictory to the Supreme Court.”

While McGowan doesn’t like the Supreme Court ruling, the decision was an astounding victory for the Village League and signaled a significant turning point in the property-tax battle. Important as the decision was, the refunds only applied to the 17 taxpayers who had participated in the legal challenge. Village League leaders were determined to make sure all taxpayers in Incline Village and Crystal Bay were afforded the same property-tax relief. The best way to accomplish that goal was to enforce the March 2006 Washoe County Board of Equalization ruling that rolled back property valuations for 9,000 property owners to 2002/03 levels.

Washoe County, however, had other plans. In January 2007, the county appealed the county board ruling to the state Board of Equalization. But rather than make a ruling, the state board voted to send the case back to the county board for further review. The Village League filed an emergency appeal to the Nevada Supreme Court, and successfully halted the county board meeting scheduled for May 2007.

The Village League won another appeal before the Supreme Court in October 2008 when the court ordered the state board to rule on Washoe County’s appeal of the county board’s March 2006 ruling. In July 2009, the state board unanimously agreed to uphold the county board’s ruling and rolled back valuations for the 2006/07 tax year for 9,000 property owners to 2002/03. The state board’s decision

set the stage for the Village League to seek the order from Judge Adams requiring the Washoe County treasurer to issue refunds.

The complex legal wrangling over the 2006/07 tax year is just one of about a dozen lawsuits filed by the Village League that are still pending on property-tax appeals and other property-tax-related matters, including a civil rights case filed against former members of the state board pending in the Nevada Supreme Court. Reno attorney Suellen Fulstone is representing the Village League in all of the pending cases and has become one of the state’s leading experts on property-tax law.

Fulstone said the barrage of rulings stemming from the Village League lawsuits raise serious doubts about the constitutionality of the state’s entire property-tax system. The root of the problem, she said, is the state’s bifurcated valuation system—known as the “taxable value system”—where land is valued separately from improvements.

So far, the Village League has not filed a case aimed specifically at having the state’s property-tax system declared unconstitutional. Fulstone said while there is a “pretty good case” to be made to challenge the state’s taxable value system, “it is not the desire of the Village League to take down Nevada’s property-tax system. It is just to get a fair tax for Incline Village.”

But Fulstone said she has little doubt that if such a case is brought, it would succeed. The fundamental problem, she said, is that Nevada’s property-tax system creates valuation differences with “no rational basis whatsoever.”

While the Village League’s effort is focused on gaining refunds and creating fair and equitable property taxes in Washoe County, the legal precedents

continued on next page

Birth of a Rebellion, continued

set so far have laid the groundwork for a broad constitutional challenge to Nevada's taxable value system. And there is no sign that the Village League's pending litigation is about to end, increasing the likelihood that future Supreme Court rulings could further undermine the state's property-tax system.

Prior to the state board's July meeting, the Village League offered to drop all its pending litigation if Washoe County assessor Josh Wilson withdrew his appeal of the 2006 county board order to roll back valuations for 9,000 property owners to 2002/03. Wilson refused the offer and the state board subsequently ruled in favor of the Village League. Rather than ending the seven-year rebellion, the property-tax revolt and litigation continues.

After years of acrimony and bitter exchanges between the Village League and Washoe County officials, the revolt has become more than just a battle over money. "We are not making any money on this," says Incline Village resident and Village League member Les Barta. "This is a matter of justice. This is a matter of principle. We want to see this through to the end. We are confident we will win."

After serving as co-counsel with Fulstone on the 2006 Supreme Court *Bakst* case, Carson City attorney Azevedo is no longer involved in the day-to-day litigation on behalf Incline Village and Crystal Bay residents. To this day, however, Azevedo is deeply troubled about how the state and county continue to fight taxpayers every step of the way. "No taxpayer should ever have to go through...what those taxpayers went through to obtain uniform and equal valuation," he said.

And the fact that the state and county are still opposing efforts to equalize property tax valuations between the 17 plaintiffs that participated in the *Bakst* case and the remaining 9,000 residents who have been fighting for more than three years for equal treatment is equally galling, he said.

"It is impossible to reconcile how

Dr. Bakst can be rolled back to 02-03 levels and his neighbors with properties adjacent to his remain taxed at a higher level," Azevedo said. "That makes no sense. I believe the state board and tax commission had a duty to address this."

More to come

The Village League property tax revolt has provided a rare window into the murky world of property tax assessment in Nevada. Not only has it raised serious questions about the inherent fairness and constitutionality of the state's taxable value system, but the upheaval has triggered quiet discussions among state property tax experts of whether it is time to replace taxable value with a market-based system.

Over the next several months, In-

vestigativeMedia.com and the Nevada Policy Research Institute will report on the roots of the tax revolt, the systemic problems that tax officials face when they attempt to assess Nevada property taxes, the impact of the 2005 property tax abatement and the political implications of fundamental property tax reform.

About the author

John Dougherty is the principal of InvestigativeMedia.com and has long been one of America's leading investigative reporters. He has been retained by the Nevada Policy Research Institute (NPRI) to report on critical issues of Nevada governance. To learn more about Dougherty, visit www.investigativemedia.com. To learn more about NPRI, visit www.npri.org.

A Response from a County Assessor

Editor's Note: The article below was written by M.W. Schofield of Las Vegas, a Clark County assessor, in response to another article by Steven Miller, who is vice president for policy at the Nevada Policy Research Institute. The article below was provided to me for reprint.

State assessors following the law, if they don't, sanctions await them

To the editor:

It was with shock and concern that I read Steven Miller's Nov. 29 commentary on the subject of property tax and assessment officers ("Defrauded by the state?"). I am writing to clear up some of the serious misrepresentation of facts.

It appears to me that someone has not done his homework. To suggest that assessors have no concise rules or regulations they must follow is nothing but balderdash. Hence, I suggest that Mr. Miller may want to spend some time reading the law and regulations governing the assessment process. Albeit, this may be a tough and complicated read, it is important for anyone who wishes to offer a valid, knowledgeable opinion on this subject.

Assessors in the state of Nevada are required to follow the Nevada Revised Statutes and subsequent regulations governing the assessment process. If they do not, some serious sanctions await them. The law provides many remedies to ensure fair and equitable treatment for our taxpayers and this is the most important part of assessment as required by Article 10, Section 1 of the Nevada Constitution. This clause is particularly important to me because I use it any time I detect any oversight in the system.

To say that assessors somehow conspire with other government officials for the purpose of secretly producing whatever revenue is desired is about as over the top as you can get in the conspiracy theory department. On what basis or from what evidence did Mr. Miller make this accusation? I assure you that if anyone came to me and suggested that I somehow manipulate the assessment process in any way that person may likely find himself being prosecuted, and that includes government officials. I consider the oath I took to uphold the laws of our state as

Response, continued

a serious responsibility.

Additionally, if the assessors were so concerned about generating money “at will” for their respective counties, why didn’t they come out en masse to object to my proposal in 2004 to cap the property taxes? If I had not been an elected official who answers to the public, do you think I would have been allowed to be so outspoken about my concerns for our taxpaying public?

Regarding the meeting between the assessors and the state Board of Equalization, the assessors did not refuse to meet. We simply asked for the meeting to be postponed because of our workload, which gets even worse in January when our respective County Boards of Equalization convene.

Not only do we welcome the opportunity to meet with and discuss our assessment practices with the state Board of Equalization, we also want to have present at the meetings those who govern and regulate our practices. Is there something wrong with bringing transparency to the table, or is there a hidden agenda against this as well?

What occurred in Washoe County relative to the legal dispute is unfortunate, but do you really want to throw out the whole system because of that one situation? Be careful what you ask or suggest because it just might happen, and then we could all suffer from the results of ignorance and political/personal agendas that superseded doing the right thing.

I believe that issues should be brought to the fore through open and honest discourse. I hope the assessors will be given an unbiased opportunity to share our side of the story without refractory insertions that are designed to be destructive and inflammatory. It would be my pleasure to work toward a fact-based, solution-oriented outcome relative to this subject. Senseless character assassination and false rhetoric do nothing more than paralyze what could be very constructive dialogue.

We are not the enemy. We want only to follow the law and serve the public with the equality and respect they deserve.

The Appraiser’s Better Side**Dear Editor: A Christmas Story**

Reprinted with permission from the *Emporia Gazette*

It has Kettles, Bells, Bears, Lions and just a wonderful community. The Emporia Lions Club volunteered to ring the Salvation Army bells at three Emporia Locations (North and South doors at Walmart and Bluestem) on the twelfth day of the twelfth month. It is such a great experience. Whole families dropping money into the red kettles, some of the children asked to take a turn at ringing the bell, people smiling and wishing the bell ringers a “Merry Christmas.” People would dig into pockets and purses and drop in coins and bills of all sizes and every now and then, a folded check stuffed into the bright red bucket. Others assuring the ringers that they gave the other day or at the other location earlier that day. Cheery offers of “Happy Holidays” were everywhere.

The Lions brought out a new little buddy this year, a three foot tall Pooh Bear with a red hat and several Lions Club pins and a Salvation Army patch and his own little bell. Some times Pooh wore his cool sunglasses even though it was cloudy that day. Shoppers were assured that Pooh was wishing them all “Season Greetings.” Six kettles were filled that day.

The icing on the bell ringing cake came when I was telling my brother-in-law, Blayne Camp, from Kansas City about all the grand adventures ringing bells with Pooh and the other Lions. Blayne said he used to be a Lion, and he wondered whether if he gave me a check if I would make sure it got to the Salvation Army. I said sure, he stuck a check in my shirt pocket, I did not pay any attention to the amount. When wife Bev returned from a shopping expedition she said, “What’s this?” pulling a \$500 check out of my pocket.

The first thing Monday morning I called the Salvation Army and left a message that I had a surprise for them. Capt Hope called a bit later and said they were at the Anderson Building getting ready for their big Christmas Distribution. After Capt Burris heard the story and received the check, he said this gift is just in time because they were getting ready to make a list of additional things they were going to have to buy in addition to all the donated items from the community for area families.

Thanks to the all the players in this wonderful Christmas Story and to all a Good Nite.

The Emporia
Lions Club, Lion
Gary Post, Bell
Chair

Gary Post is also
Lyon County
appraiser



Public Relations

Advance notice sample letter

From Gary Post, Lyon Co. Appraiser

Date
Owner
Address

Dear Mr. & Mrs. Owner:

On March 1, _____, the Lyon County Appraiser will mail updated real estate value notices to Lyon County property owners.

One of the responsibilities of every county appraiser in Kansas is to analyze every real estate sale in their respective counties. If the selling price involves a willing buyer and seller, it may be considered a valid sale. Any such valid sales are used by the county appraiser to establish fair market value estimates as of January 1st of each year. While sales information is not provided to the general public, it is available to any property owner considering an informal meeting.

During the past year, _____ homes similar to yours sold in Lyon County.

- Sale one, date amount characteristics and address
- Sale two, date amount characteristics and address

These homes' size, year-built and amenities are very similar.

These sales will be included in the determination of your current January 1 estimate of value. Because of strong prior year sale of homes similar to yours, you may expect a substantial increase in the value of your home when you receive this year's notice on March 1.

Best regards,

G. Post
Lyon County Appraiser

Public relations can be directly affected by the mood of those communicating. Here is a tip to start the New Year out right:

Focus on the positive for the upcoming year. While there could be financial and economical hardships, pending illnesses or even recent deaths, try to remember what you have going for you. Be thankful for the things that you have in life, such as a roof over your head, family and friends who love you and food to keep you healthy.

(www.ehow.com/how_4689917_fight-new-years-blues.html)

Don't look foolish during final review.

Tips for driving on slick roads:



Too much steering is bad. If a slick section in a turn causes your front tires to lose grip, the common — but incorrect — reaction is to continue turning the steering wheel. That's like writing checks on an overdrawn account: It won't improve the situation and may make things worse. If the icy conditions end and the front tires regain grip, your car will dart whichever way the wheels are pointed. That may be into oncoming traffic or a telephone pole. Something very similar happens if you steer too much while braking with ABS. Sadly, there are situations where nothing will prevent a crash, but turning the steering too much never helps.

Typos and Bad Grammar Don't Belong in Your Press Release

Two-year Business Wire editor Annette Cross, based in our Minneapolis newsroom, offers a press release tip which should appeal to those of us who are grammar geeks:

Press release is an extension of your organization

- Print out and proofread, edit before sending out
- Use grammar and spell check
- Have someone else read it
- Be consistent with Caps for the organization name
- Use website help such as www.apstylebook.com/ or <http://englishplus.com/grammar>

Source: <http://businesswired.wordpress.com> 12/14/2009



New Year's Resolutions

During the last week of the year, millions upon millions of people around the world will be formulating their New Year's Resolutions. Here's how things usually end up.

- 63% of people are still keeping their resolutions after the first two months.
- 67% of people actually make 3 or more resolutions.
- The top resolutions usually involve promises to exercise more (37%), increasing the time devoted to study or work (23%), losing weight, stop smoking or drinking (alcohol and/or coffee), and eat healthier.
- People make more resolutions to start a new habit (84%), than to break an old one (16%).
- 65% of people made their resolutions between the 28th of Dec. and New Year's Day. The rest usually take up until the end of January.
- Of those who successfully achieved their top resolution, 40% of them did on the first attempt. The rest made multiple tries, with 17% finally succeeding after more than six attempts.

So what will your resolutions be for 2010, and do you think you can achieve them?

Source: www.funfacts.com.au/new-years-resolutions-the-facts/



Real Estate Notes of Interest

■ Julie Haviv, *Reuters*, Sept. 24, 2009. Mortgage applications increased greatly last week as the interest rate fell below 5% for the first time since May.

■ Stephanie Armour, *USA Today*, Sept. 25, 2009. This probably is not that bad of news. Average home sale prices dropped 2.7% in August as compared to July, according to the National Association of Realtors (NAR). In the previous four months there was a total gain of 15%. Some of the fall off may be the result of the \$8,000 federal tax credit for first-time homeowners is close to ending. This drop gives the NAR a stronger argument that Congress should extend this program.

■ Christina S. N. Lewis, *The Wall Street Journal*, Sept. 23, 2009. Sam Zell, a very successful commercial property owner, recently sold the largest office building in Kansas. The 600,000-square foot building in Overland Park was purchased by the tenant, Black and Veatch. The original asking price two years ago was \$100 million but was sold for \$60 million, or \$100 per square foot.

■ Michael Phillips, *The Wall Street Journal*, Sept. 26, 2009. The economy has become so bad that in the older residential areas of Detroit, the average home price three years ago of \$73,000 is now down to \$7,100.

■ Conor Dougherty, *The Wall Street Journal*, Sept. 26, 2009. As budgets continue to get tighter for tax entities, new taxes and increased enforcement are common place. Cigarette tax increases still remain popular. but some states are rewriting laws concerning the term "nexus." Nexus is location of the business and is a prominent discussion when discussing online sales.

California passed a law that if 25% or \$600,000 of your sales occurs in the state, you are considered a state business subject to all appropriate taxes.

■ Robert Frank, *The Wall Street Journal*, Sept. 26, 2009. The idea in several states was to place higher taxes on the wealthy to help fund budgets. The only problem—the bad economy is affecting the wealthy also, and thus fewer taxes are being collected. In New York the taxes collected are 20% below projections.

■ Deborah Solomon, *The Wall Street Journal*, Sept. 28, 2009. The federal government is placing the final steps on a program that would commit as much as \$35 billion to help struggling state and local housing agencies providing mortgages for low- and moderate-income housing.

■ Teresa Burney, *Builderonline.com*, Sept. 16, 2009. The governor of Utah used some of the federal stimulus money in a different way. After months of proposals and rejections on how to help the state housing market, along comes the stimulus money. The state used \$10 million that allowed for a \$6,000 grant for any purchaser of a spec home as long as the single income was not greater than \$75,000 or the couple income not greater than \$150,000. The grant program, called Home Run, awarded grants to 1,652 buyers in less than 12 weeks.

An analysis by the University of Utah's Bureau of Economics and Business research said that translated into the sale of \$376 million worth of new homes. The governor has already announced another \$8 million for the program, but the grants will only be for \$4,000 for this second allocation. **Editor's Note:** Would it surprise any-

one to know that all of the talk about grants for spec homes was presented and pushed by the Utah Home Builders Association?

■ Alison Rice, *Builderonline.com*, Sept. 24, 2009. With the supply of new homes dropping from 12.4 months' supply in January to 7.5 months' worth in July, economist Nigel Gault of HIS Global Insight has stated that the market is fast reaching the "equilibrium" of new-home supply and demand, where builders maintain between four months to six months worth of inventory, and thus anticipates that new home construction will increase.

■ Alison Rice, *Builderonline.com*, Sept. 29, 2009. Yeah, some more good news! According to the S&P/Case-Shiller home price index, nearly all the 20 major metropolitan markets tracked posted monthly gains in home prices in July. The big winner was Minneapolis, with a 4.6% jump. Only Seattle (down 0.1%) and Las Vegas (down 1.1%) recorded month-over-month declines

■ Teresa Burney, *Builderonline.com*, Sept. 26, 2009. This is another support for the home builders asking the federal government to extend the \$8,000 first-time homebuyer credit. Of the first-time home buyers surveyed by Zillow.com, 18% of respondents said an extension of the tax credit through 2010 would be a "primary influence" in their decision to buy, while 25% said it would be a "significant influence. Another 25% said it would have "some" influence, and 31% said it wouldn't make any difference at all. Zillow estimates 18 million first-time buyers would purchase homes if the tax credit is extended for another year, through Nov. 2010, adding up to \$14.86 billion in tax credits.

■ Alan Zibel, *Associated Press*, Sept. 30, 2009. The federal Office of the Comptroller of the Currency and the Office of Thrift Supervision released a report showing that more than 50% of homeowners who had received loan modifications the first half of last year have missed at least two loan payments.

REAL ESTATE NOTES, continued

■ **Editor's Note:** I was born and raised in Missouri, but I do not remember any homes like the one shown in the link below. <http://pages.exacttarget.com/page.aspx?qs=773ed3059447707d28a525f7c409b816cc2483ae734d7e92b592d3747ce99b5fc0368f331f0eecdff0d0f1a42888d9a98099370a2865528c3582acc405e1be8e>

■ Conor Dougherty, *The Wall Street Journal*, Sept. 30, 2009. State tax revenues fell by 17% in the second quarter, as compared to a year ago, mainly from less income and sales tax, the worst decline since the 1960s.

■ William Boston, *The Wall Street Journal*, Sept. 30, 2009. Moody's REAL Commercial Property Price Index declined by another 5.1% in July and based upon the index, commercial real estate values have declined by over 30% since July 2008 and by over 38% since the peak in October 2007.

■ *Nreionline.com*, Sept. 30, 2009. In a recent survey, 70% of investors are currently or will soon start accumulating capital to start buying commercial real estate. Nearly half of respondents (46%) plan to begin acquiring property over the next six months, while 23% have already started making acquisitions. Although the investors do not anticipate a fast turnaround in the commercial market, the survey does express optimism and the thought that commercial values are hitting the bottom. Apartments remain the most desirable properties even though vacancy rates have continued to increase. Apartments are seen as less risky investments. Most of those surveyed believe the cost of capital will increase but not be prohibitive to the investor.

■ *USA Today*, Oct. 7, 2009. Reis, a real estate research firm, states the national apartment vacancy rate was at 7.8% for the third quarter of this year and anticipate a vacancy rate of over 8% by year end.

■ Thien Vinh Nguyen, *Huffington-*

post.com, Oct. 12, 2009. University teams from around the world are busy constructing sustainable houses at this year's U.S. Department of Energy's Solar Decathlon competition. Twenty teams were selected to come to the National Mall in Washington, D.C., to compete against one another in designing, building, and operating the best solar-powered, energy-efficient house. The houses are judged based on 10 competitions, which range in point value, from architecture to lighting design to comfort zone.

Read more at: http://www.huffingtonpost.com/2009/10/12/solar-decathlon-the-compe_n_314790.html?slidenummer=4#slide_image

■ Leona Liu, *businessweek.com*, Oct. 12, 2009. The quarterly Knight Frank Global House Price Index shows property values increasing in almost half of 32 countries surveyed during the second quarter of this year. "Significantly, quarterly price falls accelerated in only 22% of the locations and did not exceed 10% in any country," says Liam Bailey, head of residential research for Knight Frank. "This compares with double-digit falls in a number of locations during the first quarter."

■ Chris Palmeri, *businessweek.com*, Oct. 12, 2009. Interest rates for jumbo loans have dropped below 6%, which is the lowest since September 2005. Apparently, the lower rates are not enough for the high-end home market as Zillow reports that 30% of home foreclosures are now high-end homes, up from 16% three years ago.

■ Brandon Shulleeta, *Charlottesville Daily Progress*, Oct. 12, 2009. This is a long but interesting article from Charlottesville, Va. A brief description of the article is shown, followed by the link.

The chairman of the Albemarle County Board of Supervisors may propose major reforms to a county program that gives tax breaks to owners of rural undeveloped land. Under David L. Slutzky's idea, rural landowners would be given a choice: They could pay real-estate taxes based on the land's fair market value just like the

vast majority of county landowners, or they could get massive land use tax breaks by agreeing to keep their land permanently undeveloped through conservation easements. http://www2.dailyprogress.com/cdp/News/local/article/slutzky_eyes_land_use_tax_restriction/47219/#comments

■ Stephanie Armour, *USA Today*, Oct. 15, 2009. RealtyTrac reported that foreclosure filings were up nationally by 23% for the third quarter this year versus one-year ago. Kansas was up by 47%.



■ *Loopnet.com*, Oct. 15, 2009. This is an opportunity of a lifetime. The Pontiac Silverdome Stadium (above) is being placed for sale by auction. Located in the downtown Detroit metro area, the building has 486,000 square feet with 80,300 seats and sits on 127.50 acres. This is an absolute auction, so do not miss out!

■ *Commercial Real Estate News*, Oct. 8, 2009. Reis Inc. has reported that nationwide office vacancy has risen to 16.5% and is the highest since the third quarter of 2004. Available office space exceeded newly leased space by almost 20 million square feet, and this is the seventh straight month of negative absorption.

■ *Commercial Real Estate News*, Oct. 9, 2009. Vacancy in retail space continues to increase, according to Reis Inc. The Kansas City area was the eighth highest with a vacancy rate of 14%, but that indicated no change for the third quarter.

■ Jim Wasserman, *The Sacramento Bee*, Oct. 15, 2009. The California state

Senate votes to extend the \$10,000 state first-time homebuyer credit, which was in addition to the \$8,000 federal tax credit. Records have shown the actual state credit was around \$7,000, which meant more of the original funds still were available. The bill is expected to pass the state House and be signed by the governor.

■ Marcy Gordon, *YellowBrix, Inc.*, Oct. 15, 2009. Concern over the health of smaller community banks carrying commercial loans continues to rise. FDIC Chairman Sheila Bair states the community banks are especially exposed to commercial loans.

“Ninety-eight U.S. banks have failed so far this year, many succumbing under the weight of failed real estate loans. The number of banks on the FDIC’s confidential ‘problem list’ jumped to 416 at the end of June from 305 in the first quarter. That’s the highest number since June 1994 in the wake of the savings and loan crisis. Experts say as many as 400 more banks could fail in the next couple of years.”

■ *Commercial Real Estate News*, Oct. 21, 2009. PKF Hospitality Research is predicting an additional 18.5% drop in RevPar this year and is projected to be the largest annual drop since 1932. Some of the drop is referred to as the “AIG effect.” So named for all the bad press AIG received for hosting a meeting at an expensive resort shortly after accepting federal government bailout money.

■ *Reuter’s*, Oct. 23, 2009. I doubt that anyone is surprised by this, but it still is discouraging. Treasury Inspector General for Tax Administration J. Russell George told a House panel that more than 19,000 people filed 2008 tax returns claiming the credit for homes they had not yet purchased. George said his office had identified another \$500 million in claims, by some 74,000 taxpayers, where there were indications of prior home ownership while some claims were by individuals as young as 4 years old.

■ Beth Braverman, *Money Magazine*,

November 2009. When will be the best time to convert from an adjustable rate mortgage (ARM) to a fixed rate mortgage? According to this article, when the economy stabilizes and the government starts backing out of housing policy, the interest rates will start to go up. The Mortgage Bankers Association predicts fixed mortgage rates will reach 5.9% by the end of 2010 and 6.3% by the end of 2011.

Editor’s Note: If you get an opportunity, read the article in the November issue of *Money Magazine* above about the Detroit housing market. It is unbelievable and depressing.

■ Dawn Wotapka, *The Wall Street Journal*, Oct. 5, 2009. With new home inventories falling, home builders have stopped giving away free items or incentives to purchase a newly built home. Some builders had gone to extremes such as a week’s vacation or a car if you purchased a home.

■ Nick Timiraos, *The Wall Street Journal*, Oct. 6, 2009. The vacancy rate on apartments continues to rise and is now at a national rate of 7.8%, according to Reis, Inc. With the stabilizing of the housing market, it is anticipated the rate will become higher.

■ Craig White, *The Topeka Capital-Journal*, Oct. 24, 2009. First-time home buyers rushing to qualify for the \$8,000 tax credit have helped increase home sales by 9.4% in September from the previous month. It is anticipated that the sales will fall sharply after the tax credit expires.

■ Shefali Anand, *The Wall Street Journal*, Oct. 5, 2009. Several financial advisors are recommending that now may be the time to start reinvesting in commercial real estate. Some advisors believe it has bottomed out or is close, and suggest that investing in real estate securities would be good long-term investments but suggest the securities be a fund with a mixture of U.S. and foreign investments.

■ Lingling Wei and Maurice Tamman, *The Wall Street Journal*, Oct.

7, 2009. Just as the article above is suggesting the investment in real estate securities, this article is talking about the federal government’s concern that bad commercial real estate loans are a threat to small community banks. Banks are slow to write-off commercial loans, and the effect of lower commercial values could cause small banks trouble for the next several years.

■ Mark Gongloff, *The Wall Street Journal*, Oct. 8, 2009. Although hotel vacancy rates continue to rise and demands remains weak, investors are buying hotel stock. Marriott is considered the industry barometer and expects revenue per available room to be down 19% in the third quarter. Are these the same investors that are buying into real estate above and playing for the long-term?

■ Suzanne Sataline, *The Wall Street Journal*, Oct. 14, 2009. This story has shades of the U.S. Supreme Court ruling on eminent domain from Connecticut a few years ago. In that case, the Court ruled the city could take private property to build a retail area to improve the tax base. This case to be heard by the New York Supreme Court deals with the taking of private property by eminent domain to build a new basketball arena for the National Basketball Association’s (NBA) New Jersey Nets. Keep your eye on this one.

■ Melanie Trottman, *The Wall Street Journal*, Oct. 16, 2009. The new chairman of the Consumer Product Safety Commission is going to ask China to help pay for the billions of dollars of cleanup for U.S. homes determined to be toxic as a result of using Chinese drywall. **Editor’s Note:** I wish her luck on this mission.

■ Alison Rice, *Builderonline.com*, Oct. 27, 2009. According to Case-Shiller data, 17 of 20 major metro housing markets tracked by the index posted monthly gains at summer’s end. The price index since August shows a gain of around 1.2%.

■ *Boma.com*, Oct. 22, 2009. During

REAL ESTATE NOTES, continued

the 111th Congress Senate Real Estate Caucus, "William Maher, director of North American Investment Strategy for LaSalle Investment Strategy, gave the commercial real estate outlook. According to Maher, commercial real estate prices have dropped 40.6% from their peak in Oct. 2007, and are expected to drop to about 45% from that peak before they level off. He added that while new supply of commercial real estate is not a concern as construction has virtually stopped, weak demand for commercial space is pushing up vacancy rates. One bright spot is the U.S. REIT market, said Maher, as prices have rebounded and REITs are raising new capital. He emphasized that the availability of credit is the key to preventing commercial foreclosures and delinquencies."

■ Ben Johnson, *nreionline.com*, Oct. 1, 2009. There has been talk within the real estate markets for over a year that large sums of money are sitting on the side and additional monies being added that are waiting for the "bottom" of the commercial real estate market for investment purposes. This article states the amount sitting may be around \$173 billion and growing. Watch for a turnaround in commercial property values when this money starts flowing into the market place.

■ Alan Zibel, *The Associated Press*, Oct. 29, 2009. Surprisingly, the number of homes sales fell in September by 3.6%. It was anticipated the volume would increase as first-time homebuyers rushed to beat the deadline for qualifying for the \$8,000 tax credit. It was the first decline since March, and the surprise was to blame for the Dow Jones Industrial average falling over 1%.

■ *www.htrends.com*, Nov. 1, 2009. "In year-over-year measurements, the hotel industry's occupancy dropped 7.9 percent to 60.5 percent, average daily rate fell 9.8 percent to US \$96.84, and revenue per available room decreased 16.9 percent to US\$58.61."

■ A.D. Pruitt, *The Wall Street Journal*, Oct. 23, 2009. As a follow-up to the above, Starwood Hotels and Resorts reported a 65% earnings drop in the third quarter with revenue per available room falling 20%, and they were pleased as it was better than expected.

■ Carl Bialik, *The Wall Street Journal*, Oct. 28, 2009. Okay, this is a little weird. A real estate developer in Hong Kong just sold a new condominium for a record \$56.6 million, but that is not the weird part. Because the developer has a passion for some numbers and a dislike of others, the floors are not numbered sequentially. The floor above 39 is 60, and the top three floors are 66, 68 and 88.

■ A.D. Pruitt, *The Wall Street Journal*, Oct. 28, 2009. Office owners are finding the need to cut rents for lease renewals. New tenants in the GM Building in Manhattan are receiving a 17% reduction. One of New York's largest landlords is giving an extra month of free rent, now totaling 6.9 months, and offering new lease signees a construction allowance of over \$56 per square foot.

■ Nancy Keates, *The Wall Street Journal*, Oct. 30, 2009. The real estate slump has hit the high-end home market hard. Some examples from the various ski-resort areas are shown below.

Aspen, CO: One home was reduced from \$15.95 million to \$9.95, another from \$7.4 to \$4.8, but the biggest surprise was a mansion reduced from \$28 to \$19.9. Four homes sold in September for a total of \$24.2 million, and in September of 2007 there were 11 sales totaling \$71.8 million.

Sun Valley, ID: A 12,000-square foot-home was reduced a second time to \$7.9 million, down from the original asking price of \$17.9. Nearby, another was reduced from \$8.5 to \$6.5.

Jackson Hole, WY, Realtors have reported the following: September 2009 there were nine sales with a median sale price of \$800,000 as compared to September 2008 with 12 sales and

median of \$1.3 million, and September 2007 with 19 sales and a median of \$1.04 million.

Editor's Note: How about an Association lodge?

■ Lingling Wei, *The Wall Street Journal*, Oct. 31, 2009. Federal banking rules have changed and now allow banks to keep non-performing commercial loans on their books as performing loans in an attempt to try and restructure the loans versus foreclosing on the properties. Some critics are stating this will just prolong the commercial debt and foreclosure problems.

■ *Nreionlie.com*, Nov. 3, 2009. A Loopnet survey of over 1,000 members indicates they do not believe the commercial real estate market will recover until at least late 2011 or later, and this is up 13% since July. Despite a drop in commercial real estate prices over the past quarter, 53% of respondents believe that commercial real estate prices will not hit bottom until they've dropped an additional 11% or more.

■ Ilaina Jonas, *Reuters News*, Oct. 3, 2009. Now this is different from what the news has been reporting. Prices of commercial real estate, in which there are large numbers of major investors, rose 4.4% in the third quarter, according to the MIT Center for Real Estate's transaction-based index. This is the first increase in more than a year and the largest since the market slowed in mid-2007.

■ Alison Rice, *builderonline.com*, Nov. 5, 2009. Well, it appears the realtors received what they wanted from the federal government. The House overwhelming approved an extension of the housing tax credit that had already been approved by the Senate. The legislation is headed for the President's desk, and he is expected to sign the bill. The legislation is slightly different than the current first-time home buyers tax credit. "The newly approved tax credit also covers people who have lived in their homes for at least five years; they can claim a credit of up to \$6,500 if they purchase a new home. Finally, Con-

gress raised the income limits on the program, which will now allow singles who make up to \$125,000 and married couples with a household income of \$225,000 to be eligible for the credit. The new version of the credit has a price tag for the government of \$10.8 billion in lost taxes.”

■ Steve Tarter, *Peoria, IL Journal Star*, Nov. 3, 2009. Illinois home builders are pushing their state legislators to pass a state housing tax credit like the federal program and in place by 10 other states. The idea is for a one-time income tax credit of \$5,000 to \$7,000 for any home purchase.

■ <http://NationalMortgageComplaintCenter.Com>, Nov. 5, 2009. “The National Mortgage Complaint Center is advising all existing U.S. homeowners to check their current property tax assessment to make certain your county or city property tax assessor has not over-valued your home. The group is saying: “We believe that most county, or city tax assessors are using market high 2005, real estate valuations; the problem---many to most U.S. residential real estate markets have seen property valuation declines of 20% to 30%, or more since then.”

The National Mortgage Complaint Center is also saying: “For the 100,000+ homeowners living in homes with confirmed toxic Chinese drywall in Florida, Mississippi, Louisiana, Alabama, Mississippi, Texas, Virginia, Georgia, North Carolina, or South Carolina, your actual home is probably worth zero. The land may be the only thing of value.”

Editor’s Note: Not sure this will brighten your day or that it is a surprise to you.

■ *USA Today*, Nov. 6, 2009. Fannie Mae has developed a “Deed for Lease” program that will allow borrowers approaching foreclosure on Fannie Mae loans to sign a one-year lease with monthly options to stay in the home. It is an attempt to stabilize neighborhoods. Freddie Mac has offered a similar program.

■ Dawn Wotapka, *The Wall Street*

Journal, Nov. 7, 2009. A new tax break will result in a windfall for the biggest home builders that will be in the hundreds-of-millions-of-dollars range. The tax break would give them big refunds to help offset recent losses. Specifically, it would let large firms claim cash refunds for up to five previous years. Estimated refunds for some of the largest builders are: Pulte Homes \$450 million, Lennar \$200-\$300 million and Meritage Homes \$60 million. JP Morgan states that the top 10 builders now have average cash on hand of \$1.2 billion as compared to only \$616 million in late 2007.

Editor’s Note: And these companies that need a handout?

■ James Hagerty, *The Wall Street Journal*, Nov. 5, 2009. A California brokerage firm, ZipRealty, has stated that the housing inventory fell by almost 3% in October, a month that normally sees inventories rise by 1% of more. The falling inventory is credited to the federal and state tax credits for first-time home buyers.

■ Constance Ford, *The Wall Street Journal*, Nov. 11, 2009. The National Association of Realtors reports that the median home price in 123 of 153 metro areas fell during the third quarter. Median home prices fell by 11.2% from last year to a price of \$177,900. The decline is being caused by the flood of foreclosed homes on the market.

■ Steve McGrath and Michael Carolan, *The Wall Street Journal*, Nov. 11, 2009. The Holiday Inn chain of hotels (InterContinental) reports a third-quarter loss in net profit of 26%.

■ Kris Hudson, *The Wall Street Journal*, Nov. 13, 2009. InterContinental Hotels started an overhaul of their hotels approximately two years ago with each franchise agreeing to meet the need standards. It appears that as many as 300 of the current 2,700 Holiday Inns have not met the requirements and could have their franchise removed.

■ Nick Timiraos, *The Wall Street Journal*, Nov. 13, 2009. There is more concern that the Federal Housing Ad-

ministration will fall below the required 2% reserves and that more taxpayer money will be needed to bail them out.

■ *The Associated Press*, Oct. 23, 2009. The tax credit was listed as the catalyst to home resales in the Midwest that increased by almost 6% from last September with a median sale price decline of 1%. Nationally the median sale price fell by 8.5% as per the National Association of Realtors.

■ *Remodeling online*, Nov. 13, 2009. The 22nd Annual remodeling costs versus value survey is now available at <http://www.remodeling.hw.net/2009/costvsvalue/national.aspx>. If you are not familiar with this site, you should look at it.

■ The latest Case-Schiller Index information can be found at <http://www.standardandpoors.com/indices/sp-case-schiller-home-price-indices/en/us/?indexId=spusa-cashpidff--p-us---->.

■ Michael Phillips, *The Wall Street Journal*, Nov. 17, 2009. The FDIC has become a very large property owner, ranging from an \$18,700 home in Birmingham, Ala., to a \$1.7 million dollar mountain-side lodge in Colo. With over 150 banks failing and more anticipated, the FDIC finds itself trying to dispose of these assets, which takes on average of six to eight months. At a recent auction in Atlanta, the FDIC was selling a property that it had also become the owner of over 20 years ago with the first go-round of bank closings during the savings and loan crisis.

■ *Associated Press*, Nov. 17, 2009. **Editor’s Note:** Okay, it appears you blew it! I had mentioned above that the Pontiac Silverdome was going to auction, and a Canadian company purchased it for use as soccer fields. Purchase price was only \$583,000. Now, for the appraiser in us, what units of comparison can be developed from this? (1) % of original cost: 1%, (2) \$ per seat: \$7.26 (3) \$ per acre of total property: \$6,769 (4) \$ per square foot of buildings: \$1.78. So, there you go.

REAL ESTATE NOTES, continued

When you are assigned the task of valuing a vacant sports arena, I have done all the work for you, so feel free to send 50% of your fee to the Editor!

■ Nick Timiraos, *The Wall Street Journal*, Nov. 18, 2009. The news for Fannie Mae and Freddie Mac just keeps getting worse. Both of the firms invested in apartments at the wrong time. Their share of multifamily mortgage debt purchases and guarantees for the last three years are:

2006 = 34%

2007 = 43%

2008 = 84%

The number of seriously delinquent loans continues to rise.

■ Kris Hudson, *The Wall Street Journal*, Nov. 18, 2009. Stay tuned for the "Mall Wars." General Growth Properties is in bankruptcy and is the second largest owner of malls. Number one Simon Property Group has \$4 billion in cash and is considering making a bid for the General Growth Properties. However, number three Westfield Group has \$6.8 billion of cash and equivalents with the same thought in mind. This could get interesting.

■ Alison Rice, *builderonline.com*, Nov. 16, 2009. Champion Enterprises, the biggest producer of modular homes in the country and one of the largest manufactured-housing companies, filed Chapter 11 in U.S. Bankruptcy Court. In 2008, Champion shipped 6,399 manufactured homes (down 36% compared to the previous year) and more than 2,500 modular homes (down 32%), according to the BUILDER 100. One of Champion's competitors, Fleetwood Enterprises, filed for Chapter 11 bankruptcy in March 2009.

■ Phil Mintz, *businessweek.com*, Nov. 18, 2009. According to the Commerce Department, housing starts dropped almost 11% in October as compared to September. October housing starts were down 30.7% year-over-year.

■ Kyle Stock, *The Wall Street Journal*,

Nov. 19, 2009. I guess you could say the bad housing industry has created a new type of job: mortgage restructuring. Four of the largest mortgage services have hired a combined 17,000 new people to help with the restructuring of mortgages.

■ *Associated Press*, Nov. 19, 2009. The Mortgage Bankers Association has reported that at the end of September, more than 14% of homeowners with a mortgage are behind in payments or in foreclosure. Unfortunately, this is a record high for the ninth straight month. The Kansas foreclosure rate for the third quarter was only 0.3%, according to Realty Trac.

■ Conor Dougherty, *The Wall Street Journal*, Nov. 23, 2009. Want to know how bad your local and state tax collections are going? Go to the website below for the Nelson A. Rockefeller Institute of Government at the State University of New York.

http://rockinst.org/pdf/government_finance/state_revenue_report/2009-10-15-SRR_77.pdf

■ Ruth Simon and James Hagerty, *The Wall Street Journal*, Nov. 24, 2009. First American CoreLogic, a real estate information company in California, reports that 24% of homeowners are underwater.

■ Susanne Sataline, Matthew Futerterman and Christina S.N. Lewis, *The Wall Street Journal*, Nov. 25, 2009. New York's highest court has ruled that individuals' property can be taken by eminent domain to build the new basketball arena for the New Jersey Nets. The state decision is similar to the U.S. Supreme Court's 2005 ruling that a city in Connecticut could take private property to give to a developer for a shopping mall.

■ James Hagerty, *The Wall Street Journal*, Nov. 25, 2009. Fannie Mae has developed yet another new program, titled First Look. This program is designed to give potential owner-occupants and certain public housing entities the opportunity to purchase a

Fannie Mae foreclosed property the first 15 days it is on the market before accepting any other offers.

■ Alison Rice, *Builderonline.com*, Dec. 1, 2009. For the ninth straight month, the National Association of Realtors is reporting an increase in the pending home sales index. The increase for the month of October was 3.7%.

■ Stephanie Armour, *USA Today*, Dec. 4, 2009. Thirty-year residential mortgage rates fell to 4.71%, which represented the lowest rate in history since the rate started being tracked in 1971.

■ Wendy Koch, *USA Today*, Dec. 4, 2009. Seventeen percent of all new homes constructed in 2008 qualified as a Energy Star designated green home. This is up from 12% in 2007 and means that these homes are at least 20% more energy efficient than other new homes.

■ *Commercial Real Estate News*, Dec. 8, 2009. Simon Property Group, the largest owner of malls, has agreed to purchase Prime Outlets. The properties are 92% occupied and generate annual sales of about \$370/sf. Simon will pay \$700 million, 80% of which will be in cash and the remainder in its common shares, and assume some \$1.63 billion of debt on the portfolio. Simon now has 22 outlets totaling 8.2 million square feet.

■ *Commercial Real Estate News*, Dec. 7, 2009. Commercial real estate loan delinquencies rose again slightly, but for most of the big lenders, the rate is around 3% to 4%. CMBS trusts, life-insurance companies, Fannie, Freddie and banking institutions hold roughly 80% of all commercial mortgages outstanding, according to the MBA (Mortgage Brokers Association). The trade group collects its delinquency data from Intex Solutions, the American Council of Life Insurers, the two housing finance agencies and the FDIC.

■ Kris Hudson, *The Wall Street Journal*, Dec. 2, 2009. General Growth

Properties is systematically working out of bankruptcy. The second largest owner of mall properties, the company owns 200 U.S. malls and 166 of them were included in the bankruptcy. Refinancing terms have been reached on 93 of the 166.

■ Robert Frank, *The Wall Street Journal*, Dec. 5–6, 2009. A survey by Barclays PLC's Barclay Wealth has shown that women are more optimistic about the real estate market than men. Forty-nine percent of women surveyed consider real estate to be improving and a less risky investment than stocks as compared to 37% of men surveyed.

■ Liam Denning, *The Wall Street Journal*, Dec. 5–6, 2009. The best investment in recent years in Pittsburgh? Well, it is not residential housing. Since 1998, the typical home has increased around 29%. However, the average personal seat license (PSL) for the Pittsburgh Steelers has increased 883% to \$10,488. PSL is the right to buy season tickets.

■ Nick Timiraos and James Hagerty, *The Wall Street Journal*, Dec. 16, 2009. The U.S. Treasury has provided up to \$400 billion in funds for Fannie Mae and Freddie Mac, of which they have used a mere \$112 billion. Some analysts are now saying they may need to use the remainder of the money.

■ Stephanie Armour, *The Wall Street Journal*, Dec. 17, 2009. Smaller new homes are becoming more popular in the market. KB Homes has increased year-over-year new home sales by 62% partly by reducing size. The average of 2,100 square feet is down from 2,300 in 2006. Pulte Homes is also reporting a 100- to 200-square-foot drop in size since 2005-2006.

■ Ruth Simon, *The Wall Street Journal*, Dec. 19, 2009. Some mortgage companies are now requiring less down payment for a home loan. In what is perceived as confidence in housing and the economy, some lenders will now loan 95%, up from 90%.

■ Ruth Simon, *The Wall Street Journal*, Dec. 22, 2009. Better but not there yet. The re-default rate on reconstructed home mortgages has improved. The re-default was as high as 30% but now is less than 19%. These are mortgages that were restructured by the lending institutions to try and avoid foreclosure.

■ Nigel Maynard, *builderonline.com*. *Builder* staff writers have selected their Top 10 building items from over 300 written about over the last year. To see these, go to <http://www.builderonline.com/products/10-favorite-products-in-2009.aspx?cid=BLDR091208002>.

■ Teresa Burney, *builderonline.com*, Dec. 17, 2009. Fewer people are now willing to purchase foreclosures because of the degree of difficulty and the hidden costs, according to a recent survey by Trulia and RealtyTrac. The percentage of people who would buy foreclosures came out as follows:

May 2008 69%
May 2009 55%
Nov. 2009 43%

■ *Commercial Real Estate News*, Dec. 14, 2009. PKF Hospitality is indicating that the hotel sector will be better in 2010. This research group is stating that the number of hotel stays will increase; half of the hotels will see revenue per room growth in the first half of 2010 and the rest of the hotels in the second half of 2010.

Editor's Note: If you have not seen the forecasts by Stephen Rushmore, MAI, considered the authority on hotels, see the following website:

<http://www.hvs.com/Personnel/Profile.aspx?id=47&bp=-1>

■ Bored, nothing to do or just need to see how the rich live? Zillow has put together the 10 most expensive residences currently for sale. Visit <http://www.zillow.com/blog/10-of-the-most-expensive-homes-for-sale-on-zillow/2009/12/17/>.

■ *Associated Press*, Dec. 22, 2009. The National Association of Realtors says sales rose 7.4% to a seasonally

adjusted annual rate of 6.54 million in November, from a downwardly revised pace of 6.09 million in October. Sales were 44% above last year's levels, a record jump and the highest level in three years with most crediting the jump to the federal income tax credit.

■ Amir Efrati, *The Wall Street Journal*, Dec. 24, 2009. Judges in some states are making it more difficult for mortgage companies to foreclose on homeowners. Law experts state that mortgage companies should be held accountable for filing proper paper work and proving they have ownership. It is not unusual that mortgages are sold—and maybe several times.

Even though the current mortgage company can prove they own the paper for the mortgage, some judges are making them file the mortgage in the county where the property resides. Law experts are concerned that some judges are going outside their legal authority to benefit the homeowners and are changing mortgage terms or denying the foreclosure.

■ Kelly Evans, *The Wall Street Journal*, Dec. 24, 2009. The U.S. Commerce Department has reported that new home sales declined by over 11% in November with the anticipation that the original tax credit was set to end. New home sales fell to a 7-month low.



Visit KCAA online
<http://www.kansas.gov/kcaa/>

2010 KCAA Budget

ACCOUNT DESCRIPTION	2010 BUDGET	ACCOUNT DESCRIPTION	2010 BUDGET
■ APPRAISER REVENUE		CONF & MEETINGS	
APPRAISER OTHER	500	Symposium	28,000
Appraiser Kcaa Revenue	15,500	KAC	-
TOTAL APPRAISER	16,000	Technology Seminar	1,500
APPRAISER DUES		IAAO	4,000
County Dues	14,000	NCRAAO	3,000
Non-county Dues	400	TOTAL CONF & MEETINGS	36,500
CKA Dues	150	TAXES	
TOTAL APPRAISER DUES	14,550	Personal Property	150
CONF & MEETINGS		Other	-
Symposium	35,000	TOTAL TAXES	150
Technology Seminar	5,000	CONTRIBUTIONS	
TOTAL CONF & MEETINGS	40,000	Hagemann Trust	500
INTEREST		IAAO 2012 Conference Commitment	3,350
Bank Interest	900	Other Contributions	500
TOTAL APPRAISER REVENUE	71,450	Scholarships	500
EDUCATION REVENUE		TOTAL CONTRIBUTIONS	4,850
Education Other	-	PROFESSIONAL	
Education Classes	70,000	Accounting	300
TOTAL EDUCATION REVENUE	70,000	Legal	-
TOTAL REVENUES	141,450	Newsletter	4,600
■ APPRAISER EXPENSES		TOTAL PROFESSIONAL	4,900
OFFICE & SUPPLIES		CONTRACTS	
Telephone	1,000	Executive Secretary	31,600
Postage	500	Executive Secr. Travel	1,500
Supplies	700	TOTAL CONTRACTS	33,100
Miscellaneous Other Exp.	500	DUES	
TOTAL OFFICE & SUPPLIES	2,700	KAC Dues	2,000
LEGISLATIVE		IAAO Affiliate Dues	200
Legislative Expenses	800	TOTAL DUES	2,200
TOTAL LEGISLATIVE EXPENSES	800	FEES & REGISTRATIONS	
		FEES & REGISTRATIONS	50
		BANK SERVICE CHG.	
		BANK SERV. CHG.	50

Budget continued on page 27

ACCOUNT DESCRIPTION	2010 BUDGET	ACCOUNT DESCRIPTION	2010 BUDGET
SPECIAL PROJECTS		EDUCATION	
Shirts	-	Instructor Fees	14,000
Computer Purchases & Maintenance	750	Meeting Rooms	250
Handbook	250	Classes Other	8,000
IAAO Trip	-	TOTAL EDUCATION EXPENSES	22,250
NCRAAO Trip	500		
Tech Seminar	1,000	TOTAL EXPENSES	140,950
Retirement Gifts	500	TOTAL REVENUES	141,450
TOTAL SPECIAL PROJECTS	3,000	OPERATING BALANCE	500
APPRAISER OTHER			
KREAB	400		
Appraiser Other: RMA and Non-PVD	15,000		
PVD Split	15,000		
TOTAL APPRAISER OTHER	30,400		
TOTAL APPRAISER EXPENSES	118,700		



Above: Clingstone, an unusual, 103-year-old mansion in Rhode Island’s Narragansett Bay, survives through the love and hard work of family and friends. Photo submitted by Bruce Woodzell, President-Elect of IAAO. Bruce also sent the one labeled “Problem.” His questions are as follows: (1) How much does a house weigh? (2) How much weight can a rural two-lane bridge hold? (3) Would this be covered by house insurance, car insurance or road-side assistance? Can you tell Bruce is retired?



2010 KCAA Committee Members

RATIO

Truette McQueen, Chair	Ottawa
Jerry Denney	Gray
Sue Poltera	Reno
Judy Wallis	Bourbon
Barry Porter	Republic

STRUCTURES/ETHICS

Kim Lauffer, Chair	Comanche
Kathy Hansen	Smith
Barb Konrade-Steirlen	Barton
Janet Duever	Marshall
Lois Schlegel	Pottawatomie
Della Rowley	Sumner

LEGISLATIVE

Paul Welcome, Chair	Johnson
Rod Broberg	Saline
Gayla Godfrey	Rice
Mark Low	Finney
Truette McQueen	Ottawa
Craig Clough	Harvey
Lori Reedy	Reno

AG USE

Alan Hale, Chair	Phillips/Norton/Decatur
D J McMurray	Pratt
Terry Ballard	Rawlins
Randy Sangster	Logan
Dean Denning	Ellis
Leroy Burk	Montgomery
John Reeder	Scott
Pam Palmer	Chase

MAINTENANCE SPECS

Sharon Pittman, Chair	Morris
Stephanie O'Dell	Miami
Stacy Berry	Osage
Lisa Ree	Ellis
Melinda Vahle	Jewell/Osborne

PROFESSIONAL DESIGNATIONS

Darla Frank, Chair	Johnson
Kim Lauffer	Comanche
Jeanie Gee Fraser	Kearny
Robert Miller	Wabaunsee

AUDIT/BUDGET

David Thornton, Chair	Mitchell
Mark Niehaus	Graham
David Stithem	Sheridan

EDUCATION

Paul Welcome, Chair	Johnson
Mike Montgomery	Crawford
Patti Isreal	Ford
Jami Clark	Greenwood
Bruce Wright	Dickinson

ORION ENHANCEMENT

Kenton Lyon, Chair	Russell
Mike Borchard	Sedgwick
Barry Porter	Republic
Greg McHenry	Riley
Janet Duever	Marshall
Jim Lampe	Atchison
Clint Anderson	Reno

PUBLIC RELATIONS

Dianna Carter, Chair	McPherson
Gary Post	Lyon
Tom Scott	Greeley
Gary Stapp	Anderson
Chris Gibson	Dickinson

PERSONAL PROPERTY

Barb Konrade-Stierlen, Chair	Barton
Patti Isreal	Ford
Debby Butler	Butler
Danetta Cook	Sumner
Kathy Craig	Montgomery
Dianna Carter	McPherson
Lisa Reeder	Trego
Shirley Ehrlich	Geary

NEWSLETTER

Lisa Ree, Chair	Ellis
Laurie Walta	Sumner
Tom Scott	Greeley
Lori Reedy	Reno
Cindy Magill	Marion

SPECIAL ISSUES

Patti Isreal	Ford
--------------	------



OIL & GAS

John Reeder, Chair	Lane
Rick Batchellor	Kingman
Karen Spencer	Elk
Mark Niehaus	Graham
Mark Low	Finney
Dean Denning	Ellis
Bruce Wright	Dickinson
Jan Hull	Reno
Della Rowley	Sumner

COTA TRACKING

Gary Post, Chair	Lyon
Rod Borberg	Saline

GRANT IN AID

David Thornton, Chair	Neosho
Paul Welcome	Johnson
Kim Lauffer	Comanche
Alan Hale	Norton

NCRAAO

Leon Reimer ('10)
Della Rowley ('11)